



LONDON FIRE BRIGADE

<b>Report Title:</b>	
<b>Plumstead Fire Station - Refurbishment and Extension Cost Uplift</b>	
<b>Report to:</b>	<b>Date:</b>
Finance and Investment Board Commissioner's Board Deputy Mayor's Fire and Resilience Board London Fire Commissioner	26 May 2022 8 June 2022 28 June 2022
<b>Report author:</b>	<b>Name:</b> Patrick Hollins <b>Job Title:</b> Project Manager – Property Services
<b>Report classification :</b>  <b>For Decision</b>	
<b>The subject matter for this report deals with the following</b> LFB strategic priorities :  <b>The best people and the best place to work</b> – Plumstead Fire Station is in need of refurbishment. The current condition of the building does not meet the needs or expectations of a modern fire service. This request for supplementary funding to complete the project will ensure that the proposals are delivered and provides the station staff with a station that provides the appropriate accommodation and training facilities that they require to fulfill their duty.  <b>Outward facing</b> – Plumstead Fire Station is situated at the heart of the local area, the proposals for the refurbished station include the creation of a community room. This will enhance the station staff's ability to undertake community outreach and provide the local community with a facility to connect with the London Fire Brigade. The community room area also provides accommodation for a fire cadet unit to be based at Plumstead Fire Station furthering the Brigade's ability to connect with young people in the local community.	
Report number – LFC-0715y	
For Publication	

## PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE DECISION-MAKER

### Executive Summary

This report seeks approval to uplift the funding approved by DMFD 50 and LFC-0256x. Following the initial approval, the project has been tendered twice, through different frameworks, resulting 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 of the construction materials and labour markets the cost remains above the budget approved in previous decisions.

#### For the Deputy Mayor

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 the Part 2 report for the purposes of Refurbishing and Extending Plumstead Fire Station.

*This LFC decision will only be taken after further consultation with the Greater London Authority's finance and legal advisers and Corporate Investment Board.*

#### For the London Fire Commissioner

That the LFC agrees that the additional funding set out in part 2 of this report for the Refurbishment and Extension of Plumstead Fire Station be approved.

## 1 Introduction and Background

- 1.1 Plumstead Fire Station has been included on the Capital Programme since 2010. A number of options have been explored, to resolve the current issues with the station, as previously outlined in LFC 0256.
- 1.2 At the time of LFC 0256 the budget was based on initial feasibility estimates for the works. Once approval was granted the detailed designs were produced, planning and listed building consents applied for and the works 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 Officers from Property Services, the Plumstead refurbishment project board and the director for corporate services, identified that the appropriate way to proceed was to re-tender the project as at that time as 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 utilised 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 LFC 0256x. The results have however identified that the preferred contractor from the two responses is the most economically advantageous.
- 1.7** With the combined results of both tenders, officers from Property Services and the project board, have 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 last two years, as a result of both the COVID 19 pandemic and BREXIT. 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 percent increase in costs over the last two years since approval was granted by LFC 0256x.
- 1.9** In addition, since the submission of the tender responses the war in Ukraine has significantly further impacted 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.

#### **1.9.1 Considerations**

- 1.9.2** In reaching a decision on the best way forward property consulted with the project board and stakeholders in order to ensure the proposal limited the risk exposure of the brigade with regard to further cost inflation. As a result, property have taken the actions as outlined below.

## **2 Actions taken**

- 2.1** In response to the options available and the assessment of the risks posed to the Brigade by both, the Plumstead refurbishment project board has approved that the following actions be undertaken:

- Officers from Property Services agreed with the preferred contractor to enter into a contract of the highest possible value that the current approved budget allows so as not to put the project at further risk of contraction market inflation and fix the cost of the project at the most economically advantageous cost.
- Officers from Property Services are seeking approval for the further capital funding required to enable the delivery of the whole project scope.

## **3 Objectives and Expected Outcomes**

- 3.1** The approval of further capital funding as outlined in paper two to ensure that the full project scope is delivered.

## **4 Uplift Finance proposal**

- 4.1** To afford the uplift in budget it has been agreed with finance that the unallocated fire station refurbishment budget, held in the 2024/2025 financial year capital works programme will be allocated to the Plumstead project.
- 4.2** The additional expenditure is estimated to occur in the 2024/2025 financial year.
- 4.3** 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.

## **5 Conclusions and next steps**

**5.1** As outlined in this paper and part 2 Property Services and the project board have proceeded to commit the LFC into contract with the preferred supplier to the limit of current approved budgets, to enable progress to be made while mitigating the potential risk exposure should the project have waited for the result of this decision.

**5.2** Property Services and the project board recommend that the decision is approved to increase the project budget as per the costs outline in part two of this paper to ensure the financial risk of deferring these works is mitigated. It is proposed that the budget uplift be funded by utilising unallocated budget funding currently programmed in for the 2024/2025 budget.

## **6 Equality comments**

**6.1** 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.

**6.2** 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.

**6.3** 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.

**6.4** 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.

**6.5** 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.

**6.6** 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.

## **7 Other Considerations**

### *Workforce comments*

**7.1** The recommendations within this report do not require formal staff side consultation. Nevertheless, officers from 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 SC updated and engage with crews on questions surrounding the scheme.

**7.2** As part of the project's risk management strategy, the Health and Safety at Work Impact Assessment (HSWIA) 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.

## **8 Financial comments**

**8.1** This report is requesting approval to raise the budget approved LFC 0256x by the figure in Part 2 of this report.

**8.2** The March 2022/23 approved capital programme includes a budget which can be used to cover the cost of this proposed uplift.

**8.3** If this decision is approved, there will be no increase in capital financing costs for the current capital budget as it has been included within the revenue budget in the 2024/25 Budget Submission.

## **9 Legal comments**

**9.1** 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.

**9.2** 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").

**9.3** 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...".

**9.4** The statutory basis for the actions proposed in this report 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.

**9.5** General Counsel notes that the proposed tenders will be carried out in accordance with the Public Contracts Regulations 2015 ("the Regulations") and the London Fire Commissioner's Scheme of Governance (Part 3 Standing Orders Relating To Procurement).

#### List of Appendices

Appendix	Title	Open or confidential
1.	[Type "None" if not applicable]	Open or confidential*

**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**

<b>ORIGINATING OFFICER DECLARATION:</b>  <b>Drafting officer</b> Patrick Hollins has drafted this report and confirms the following:  <b>Assistant Director/Head of Service</b> Laura Birnbaum has reviewed the documentation and is satisfied for it to be referred to Board for consideration.	Drafting officer to confirm the following (ü)
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**Advice**

The Finance and Legal teams have commented on this proposal;

Karen Boother Legal Advisor, on behalf of General Counsel (Head of Law and Monitoring Officer)

Njoku Awa Financial Advisor, on behalf of the Chief Finance Officer