



LONDON FIRE BRIGADE

Report title

Provision of Estates Management Services

Report to

Corporate Services DB
Commissioner's Board
Deputy Mayor Fire and Resilience Board
London Fire Commissioner

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Report by

Assistant Director, Property Services

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Summary

This report sets out the position with regard to the provision of estate management consultancy services to the London Fire Commissioner (LFC) currently provided by Dron and Wright. The current three and a half year contract is due to expire on 30 September 2020, however agreed options are in place to extend this term up to two years until September 2022, as well as flexibility to enact a break clause, at the LFC's sole discretion, at any time upon 3 months' notice.

This report requests agreement to extend the current estates management contract for up to a two year period to secure continuity of professional estates management services. During this time period LFB Property intends to engage with Transport for London (TfL) in order to benefit from their framework on property consultancy available to all GLA bodies. Implementing the recommendations outlined in this paper will ensure that LFB Property is resourced appropriately in order to meet its collaboration obligations, deliver value for money, and align with LFC's strategic objective to constantly improve the effectiveness of services.

LFB Property does not currently have any permanent staff with general practice RICS surveying qualifications apart from the Head of Service. This report supports the ongoing development of the LFB Target Operating Model which has already identified a critical gap for dedicated and skilled resources to lead on estate management and strategy. To resource the skills gap, this report proposes the recruitment of two roles at FRS F grade at a total unit cost value of £135k to insource senior technical expertise to the department. The primary focus will be on self performing estate services to minimise dependency on estates management consultancy. It is proposed that these costs can be funded from the existing LFB Property budget, currently allocated to consultants appointed for estates professional services. In order to ensure that the total value of the external advisory services and internal resourcing does not exceed the total available funding, improved contract management commissioning and monitoring measures have been implemented.

Recommended decision

That the London Fire Commissioner

1. provides delegated authority to the Assistant Director, Property Services in conjunction with the Assistant Director, Technical and Commercial to extend the provisions of the current Estates Management Services contract with Dron & Wright for a period of up to 2 years from 1 October 2020 with the option to enact a break clause, at the LFC's sole discretion, at 3 months' notice to take advantage of collaboration opportunities to be funded from the existing Property budgets. The estimated revenue budget is £300k pa based on previous years. Capital cost incurred with this contract is included in the individual project budgets.
2. supports the Assistant Director Property Services delegated authority to create and appoint two FRS F grade roles within the Property team, namely an asset management surveyor (Property), and a telecoms surveyor (Property) to discharge the Brigade's obligations within Property in the manner outlined in this paper, whilst also retaining contract management responsibility for the remaining outsourced professional estates services function and supporting the wider Property Department to be funded from the existing Property consulting budget

Background

1. In January 2017 the London Fire and Emergency Planning Authority (LFEPA) approved the appointment of consultants Dron and Wright for the provision of Estate Management Services and entered into a contract for 3.5 years (report FEP 2688).
2. Provision was made within with the agreed recommendation to extend this term up to a further 2 years and an option to enact a break clause, at the LFC's sole discretion, at any time during the term of the contract with 3 months' notice. The appointment was agreed following an extensive OJEU procurement process in compliance with Public Contracts Regulations (2015).

Existing contract and extension

3. The current contract is structured on the provision of specific services with a combined schedule of fixed fees (where the work programme is known and planned) and hourly rates as appropriate (un-programmed, short notice requirements) to be undertaken by a range of professional, competent roles within Dron and Wright.
4. The annual cost of estate management services incurred by the revenue budget over the three financial years since April 2017 has been:-
 - i. April 2017 to March 2018 - £281k
 - ii. April 2018 to March 2019 - £ 290k
 - iii. April 2019 to March 2020 - £307k
5. All figures include the annual index uplift permitted in the contract. These figures exclude the additional support commissioned on high profile capital projects.
6. During the term of the contract, professional skills provided by Dron and Wright associates have been required to support major LFB capital projects. These include acting on behalf of LFC in negotiations with development partner U&I to redevelop the former London Fire Brigade Headquarters complex at 8 Albert Embankment, the disposal of fire stations as agreed by the fifth London Safety Plan and project managing the delivery of West Hampstead Cottages refurbishment to provide affordable housing for LFC keyworkers.

7. The annual cost of estate management services incurred to support redevelopment and capital schemes over the three financial years since April 2017 has been:-
 - i. April 2017 to March 2018 - £208k
 - ii. April 2018 to March 2019 - £ 230k
 - iii. April 2019 to March 2020 - £189k
8. The value of the estate management services contract is dependent upon the likely instructions given to Dron and Wright in any one year and consultancy services within the scope of the contract are funded from the approved revenue consultancy budget. This contract is let on the basis that the LFC is not obliged, nor does it guarantee to provide any or minimum works to any of the work streams within the scope of the Property and Estates Management Services contract for the duration of the contract.

Collaboration and transformation

9. Historically, LFC estate management services have been undertaken by SMEs where resources providing this service would become embedded within the organisation. This approach was adopted as frameworks available at the time of awarding contract were primarily designed for the individual call off of each estates management function. In addition, larger enterprise firms were considered a barrier to SMEs competing for this work.
10. However, under the Policing and Crime Act (2017), the Brigade has a duty to consider collaboration opportunities (with police and ambulance services) and, where it is in the interests of efficiency or effectiveness, to put these collaboration opportunities into practice. Also, the representation of LFB officers on the GLA Estates and Facilities Management Collaboration Working Group has enabled a supportive network and understanding of the collaboration benefits across a range of estates matters as part of the GLA family.
11. It is the intention to lead the realisation of improved benefits and efficiencies by procuring estates management services as part of the TfL property consultancy framework available to the GLA functional bodies. This commitment will be delivered as an outcome of implementing the planned target operating model associated with the transformation of Property Services expected during the autumn of 2020.
12. LFB Property does not currently have any permanent staff with general practice RICS surveying qualifications apart from the Head of Service. This report supports the ongoing development of the LFB Target Operating Model which has already identified a critical gap to insource dedicated and skilled resources to lead on estate management and strategy. The proposed new roles will be expected to work across the whole Property function and add senior technical expertise to the department, with the primary focus on self performing estate services (for example lease and service charge negotiations), telecoms management for the department, and provide additional capability for the department to embed collaboration by attending GLA and OPE estates meetings. The roles will also be required to review fee estimates and provide technical advice to projects and Facilities Management as required.
13. The annual unit costs of the proposed new roles including all related costs based on grading for two FRS F roles is c. £135,000. These roles have been reviewed and assessed and considered to be in line with typical open market benchmarks and salary bands. It is proposed that these costs

are funded from the existing LFB Property budget currently allocated to consultants appointed for estate professional services.

Finance comments

14. This report recommends that delegated authority is agreed to extend the current Estates Management Services contract for a period of 2 years. The report notes that total revenue expenditure of £878k and capital expenditure of £627k has been incurred under this contract over the last three years. These costs have, and any costs incurred under the extension will be contained within the existing Revenue and Capital budgets.
15. The report also recommends that two FRSF posts are established at a cost of £135k, which will be funded from the existing LFB Property consultants budget currently allocated for estate professional services.
16. The report goes on to note that collaborative arrangements for the provision of this work are also being investigated. Any savings achieved as part of this work will be considered as part of the budget process for future.

Workforce comments

17. Staff side consultation on a proposed new structure for Property Services is commencing on 09 July 2020. The proposed new structure includes the two FRSF posts which are referred to in recommendation (2) in this report.

Legal comments

18. Under LFEPA, the previous Authority agreed in FEP 2688 to permit the appointment of Dron & Wright on a three year term with the option to extend, with break rights, for a further two years.
19. Pursuant to 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.
20. 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").
21. 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...".
22. The Deputy Mayor's approval is accordingly required for the Commissioner to extend the contract term of the Dron & Wright appointment.
23. The Public Contract Regulations 2015 were fully complied with in the original OJEU procurement exercise and the Commissioner's duties to consider collaboration under the Policing and Crime Act 2017 will be fully explored in any subsequent arrangements for estates management services.

Sustainability implications

24. The incumbent supplier is a small to medium sized enterprise (SME). Should the recommendation be agreed this will support LFB's commitment to SMEs as set out in the GLA

Group Responsible Procurement Policy and performance against the corporate indicator for SME spend.

Equalities implications

25. The London Fire Commissioner and decision takers are required to have due regard to the Public Sector Equality Duty (s149 of the Equality Act 2010) when exercising our functions and taking decisions.
26. 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.
27. 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.
28. The Public Sector Equality Duty requires us, in the exercise of all LFC functions (i.e. everything the LFC does), to have due regard to the need to:
 - (a) Eliminate discrimination, harassment and victimisation and other prohibited conduct.
 - (b) Advance equality of opportunity between people who share a relevant protected characteristic and persons who do not share it.
 - (c) Foster good relations between people who share a relevant protected characteristic and persons who do not share it.
29. 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:
 - (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic where those disadvantages are connected to that characteristic;
 - (b) 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;
 - (c) 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.
30. 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.
31. 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—
 - (a) tackle prejudice, and
 - (b) promote understanding.

32. This report proposes extending an existing contract on which no adverse equality implications were identified at the time of the contract. There are therefore no disproportionate equality impacts likely as a result of the decision to extend this contract.

List of Appendices

Appendix	Title	Protective Marking
1.	None	