



LONDON FIRE BRIGADE

Report title

Operations Support Centre Project (formerly Integrated Equipment and Logistics Project) – Update

Report to

London Fire Commissioner

Date

7 November 2018

Report by

Assistant Director, Technical and Commercial

Report number

LFC-0089

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Summary

This report provides an update on progress of the Operations Support Centre Project, which was established to provide a combined Protective Equipment Group (PEG) and Brigade Distribution Centre (BDC) facility. Commercial aspects, following the tender process to identify a preferred contractor, are included in the confidential appendix.

Previous reports FEP2812 and FEP2812X (12 January 2018), were submitted to the London Fire and Emergency Planning Authority (LFEPA) Resources Committee and provided approval for the required capital and revenue funding to be allocated to the project. Procurement Initiation was approved by the Director of Corporate Services on the 20 June 2018 in order to go out to tender for the fit-out works required.

Recommended decisions

That the London Fire Commissioner:

1. Agree that the Assistant Director Technical and Commercial can appoint the preferred contractor for the fit out works at the new Pegasus Road site,
2. Authorise an uplift in capital funding required for these works, the procurement of a narrow aisle forklift truck, a hydrostatic hose testing machine and breathable air cylinder storage; at the costs detailed in the confidential appendix to this report.

Background

1. On 21 July 2017 the LFEPA Resources Committee agreed (FEP2575/A Item 14) to create a combined PEG and BDC premises and gave authority for the Head of Legal and Procurement and Technical Service Support to acquire a new site.
2. The site evaluation process concluded that the Authority's preferred site was an existing industrial unit on Pegasus Road in Croydon. The lease Agreement for Pegasus Road was completed on 21 February 2018.

3. On 12 January 2018 the LFEPA Resources Committee agreed (FEP 2812/A Item14) to uplift the project budget for dilapidations costs of the existing Brigade Distribution Centre on surrender of the lease and for additional mechanical, electrical and external works required at the new site.
4. 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 RIBA stage 3 providing concept design drawings and a defined project budget for the works.
5. An application for planning permission to LB Croydon was successful. The project also received in principle consent from the landlord for the works to be carried out, with a full licence to alter being granted following submission of RIBA stage 4, (Technical design stage) to the landlord. RIBA stage 4 provides fully developed technical drawings from which the contractor can commence construction.

Project delivery and status

6. Tender submissions were received on the 16 August 2018. The LFC'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. The recommendation is based on the tenderers' responses with scores awarded to their satisfaction of the requirements outlined in the tender pack. Their responses included a full programme and a breakdown of the project budget.
7. The details of the tender evaluation process and the impact on the project budget have been included in the confidential appendix.
8. If approval is given, it is anticipated that the preferred contractor will be appointed in December 2018. The timetable below reflects the programme provided by the contractor¹:

| | |
|------------------|---|
| 17 December 2018 | LFC/Deputy Mayor approval provided to appoint design and build contractor |
| 20 December 2018 | Licence to alter granted by landlords |
| 25 January 2019 | End of four week contractor mobilisation 'Lead in' period following appointment (allowance made for Christmas shut down period) |
| 28 January 2019 | 41 week construction period commences |
| 11 November 2019 | All construction works complete including fit out |
| 23 November 2019 | Snagging period ends, PEG and BDC commence move in |
| 21 December 2019 | Project completion |

¹ This table has been updated from the original report to reflect the most up to date position.

9. The programme provided in January 2018 (FEP 2812, para 13) suggested that PEG and BDC would move in to the new premises in December 2018. The delay, till December 2019, has been caused by a combination of factors, such as;
 - (i) Discussions in agreeing the lease with the landlords solicitor took longer than that anticipated resulting in delays to complete intrusive site investigations.
 - (ii) Agreeing and issuing the tender documentation – the complexity of combining the PEG and BDC functions took longer than previously planned.
 - (iii) Further intrusive investigation and testing of the current floor load bearing capacity was required which resulted in a need to replace the floor.
 - (iv) Finalising the tender evaluation report was protracted, due to incomplete tender responses from the tenderers, that required numerous clarifications to be answered before the report could be finalised.
 - (v) An increase of seven weeks in the construction programme from the pre tender estimate of 35 week, giving a total construction programme of 45 weeks by the preferred contractor.

Tender evaluation process

10. The scheme was put out to competitive tender in July 2018, the process being administered by Burke Hunter Adams LLP.
11. 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 criteria were awarded based on the strength of their responses to each section.
12. 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.
13. The other contractors scores were significantly lower and did not satisfy budget or quality requirements across the board.
14. The tender process was below the value threshold required to conduct an OJEU procurement process.
15. A summary of the tender evaluation is detailed in the confidential report (Table 1) and the full tender evaluation report is available from officers.

Updated capital costs

16. As a result of the tender process, the preferred bidder has submitted a cost estimate for the construction work, project and design fees, IT equipment, specialist equipment, surveys, planning and risk, that exceeded the current budget.

17. In addition, there are requirements for additional equipment not previously included in the original forecast. These are set out below.
18. **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 Brigade Distribution Centre. Due to the narrow aisle design a specific type of side-loading forklift truck is required.
19. The existing forklift truck operators will need conversion training at BDC before the opening of the new building to ensure a smooth transition. This is being managed by the PEG/BDC manager. It is necessary to purchase the new type of side-loading forklift truck to accommodate this on-site training. The existing forklift truck, which is nearing the end of its operational life will operate in parallel until the closure of the BDC.
20. **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 Protective Equipment Group 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 are the only FRS 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 which is £270K. To date PEG had not had the space for this equipment and so had only been able to pneumatically test flat hose.
21. The second use for a hydrostatic hose tester is to confirm the integrity of hose repairs, a process common to all FRS who either outsource the work to small companies or who purchase their own small hose testers which are available commercially. These testers are normally used at fire stations or are mounted on small vehicles to test one length of hose at a time. The design and capacity of these small machines do not meet the requirements of the LFB.
22. Research by PEG has identified a re-conditioned hydrostatic testing machine meeting the Brigade's needs for substantially less than £270K. The purchase of this machine would in effect offer a saving to the LFC.
23. **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 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.
24. As part of these storage arrangements, recycled Gas Tight Suit boxes are being used to reduce costs.

Risks and dependencies

25. The landlord will not grant the licence to alter until they have approved the structural design at RIBA stage 4. They are then obliged to respond in a reasonable timeframe. However, if there is any delay in receiving approval for the licence to alter, from either the landlord taking longer than anticipated or the contractor not submitting their finalised design detail on time, this will result in a delay to the construction works being delayed.

26. The delay to this project has a knock on effect on the delivery of the Croydon Training Centre project, which cannot commence construction until PEG have vacated their current premises. This risk is being factored into the Croydon Training Centre project delivery plan.

Finance comments

27. Comments from the Chief Finance Officer have been incorporated in the confidential appendix to this report.

Workforce comments

28. The staffing model for PEG and BDC is being reviewed as part of the relocation into the new premises. Consultation with staff and representative bodies will continue and will inform any proposed changes to the staffing structure for the new Technical Services and Logistics Group.

General Counsel's comments

29. 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.
30. 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").
31. 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...".
32. 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.
33. General Counsel also notes that the proposed service has been procured in compliance with the Public Contracts Regulations 2015 and the Commissioner's Scheme of Governance.

Sustainability implications

34. The scheme's design has included for items in alignment with the authorities sustainability policies including a PV solar array, and charging points for electric vehicles.

Equalities implications

35. The Public Sector Equality Duty applies to the London Fire Brigade when it makes decisions. The duty requires us to have regard to the need to:

- a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful.
 - b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - c) Foster good relations between people who share a protected characteristic and those who do not, including tackling prejudice and promoting understanding.
36. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).
37. The equality impact assessment indicates that the proposals in this report will not have a disproportionately adverse effect on any persons with a particular characteristic.

List of Appendices

| Appendix | Title | Protective Marking |
|----------|---------------------|--------------------|
| 1. | Confidential report | |

Operations Support Centre Project (formerly Integrated Equipment and Logistics Project) – Update

Recommended decisions

That the Commissioner:

1. Approve a revised project budget of £4,326,320 for the uplift in capital funding of £209,321 for the fit-out works, and £117,000 for additional equipment.

Background

1. Members agreed in FEP 2575X (July 2017) to an initial capital funding of £3.45m with a tolerance of up to £3.79m, based on the estimated cost of a notional scheme. The previous budget was £7.5m and a budget saving of £4.05m was reported to members in FEP 2792 (September 2017).
2. It was reported and agreed by members in FEP 2812X (January 2018) that the project budget needed to be uplifted, due to a greater level of required mechanical and electrical services (such as plant and equipment for heating, ventilation, electrical supply, and specialist gas and air systems) than previously anticipated. Therefore it was agreed that the capital funding should be uplifted from the previously reported figure (£3.79m) to £4.0m.

Updated Capital Costs

3. The tender evaluation shows that the preferred bidder ITC Concepts submitted a cost estimate of £3.29m for the construction work. Alongside project and design fees, IT equipment, specialist equipment, surveys, planning and risk, the total project construction cost is estimated at £4,209,321, an uplift of £209,321 from the previously reported construction budget.
4. The increase in construction costs of £4,209,321 compared to the pre tender estimate of £4,000,000 are attributed to higher than anticipated construction costs due to an increase in preliminary and staff costs for the longer construction programme. A detailed breakdown of the cost plan is available from officers on request.
5. In addition, there are costs for equipment not previously included in the original forecast. These total £117,000 as follows:
 - Narrow Aisle Forklift Truck £40,000
 - Hydrostatic Hose Testing Machine £65,000
 - Breathable Air Cylinder Storage £12,000
6. This results in additional capital expenditure of £326,321, and a total budget requirement of £4,326,321. There remains a capital cost saving from the original budget (£7.5m) of £3,173,680.

Finance comments

7. This report recommends acceptance of the tender evaluation report and approval for the Assistant Director Technical and Commercial to appoint the preferred contractor for the fit out works for the new Operational Support Centre at Pegasus Road, Croydon.
8. The report 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. 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). The current capital budget of £4,000,000 is phased over the next three years in line with the revised delivery programme and the capital budget will be amended to reflect the increase in price. 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%.

Legal comments

9. The procurement process outlined in this report appears to have been conducted in accordance with the Public Procurement Regulations 2015 and the LFC Scheme of Governance.

