


<p>London Borough of Hammersmith & Fulham</p> <p>LEADERS URGENCY</p> <p>29 March 2019</p>		 <p>h&f hammersmith & fulham</p>
<p>PROCUREMENT STRATEGY IN RELATION TO HOUSING CAPITAL PROGRAMME - FIRE SAFETY WORKS</p>		
<p>Report of the Leader – Councillor Stephen Cowan</p>		
<p>Open Report</p>		
<p>Classification: For decision Key Decision: Yes</p>		
<p>Consultation: <i>Finance, legal services, procurement.</i></p>		
<p>Wards Affected: ALL</p>		
<p>Accountable Director: Jo Rowlands, Strategic Director, Growth and Place</p>		
<p>Report Author: Richard Buckley Assistant Director, Property & Compliance</p>	<p>Contact Details: Tel: 07769882207 Email: richard.buckley@lbhf.gov.uk</p>	
<p><u>Reasons for Urgency:</u></p> <p>This report seeks to update a previous Cabinet decision made in September 2018 to use third party providers for essential fire safety works as part of the Housing Capital Programme. The preferred method of delivering these essential services is now through the Council's newly developed in-house repairs service team. The decision is urgent in order to enable works to commence 17 April 2019 as the in-house service commences.</p> <p><u>Date by which decision is required: ASAP</u></p>		

AUTHORISED BY:

The Leader has signed this report

DATE: 10 May 2019

1. EXECUTIVE SUMMARY

- 1.1. On 7 September 2018 the Leader of the Council approved the recommendations within a Leaders Urgency Report relating to the housing capital programme up to the end of financial year 2019/20. The main recommendation was to approve a Business Case and Procurement Strategy for the housing capital programme that recommended the use of third party suppliers for fire safety works, other health and safety compliance and capital schemes (eg to replace windows).
- 1.2. Since September 2018 a further decision was taken to replace the current housing repairs contractor with a range of solutions. This included the setting up of in-house service delivery of key aspects of housing repairs and maintenance that are high risk and of special concern to residents. Services to be delivered in-house include the customer services centre, communal and complex repairs.
- 1.3. This report seeks approval to amend the procurement strategy approved in September 2018. Rather than procure external third party providers to undertake required works, this paper seeks approval to carry out the works through the in-house repairs service that is being established as part of the replacement of the current repairs contractor. This option was not available in September 2018 as the in-house team had not been agreed or established.
- 1.4. This document sets out fire safety improvement works identified through fire risk assessment, as part of the Fire Safety Plus programme, to make our buildings safer and protect residents to a higher standard:
 - install and upgrade automated fire detection (AFD) in converted street properties and higher risk premises;
 - compartmentation and firestopping works;
 - upgrade internal and external fire doors.
- 1.5. The report makes the recommendation to use the Council's in-house repairs service, H&F Maintenance, to undertake fire safety improvement works.
- 1.6. The works will be commissioned, scoped, overseen and inspected by the Property & Compliance fire safety team, which will act as the client for these services.
- 1.7. The proposed commissioning route for these works are considered the most effective and expedient route to delivering the works.

2. RECOMMENDATIONS

It is recommended that the Leader of the Council:

- 2.1. Approves an update to the Business Case and Procurement Strategy for the Housing Capital Programme to 31st March 2020 as agreed in September 2018 in respect of programmed fire safety works, by agreeing an allocation of the fire safety works to the Council's in-house repairs team rather than seek external contractors.

- 2.2. Approves the transfer of £6m of the capital budget for the works set out in Appendix 1 (being £20m for the period from 17th April 2019 to 31st March 2020) to the Council's in-house repairs service, H&F Maintenance.

3. REASONS FOR DECISION

- 3.1. Hammersmith & Fulham Council is committed to improving safety for its residents as part of its Fire Safety Plus Programme. Communal and internal automated fire detection and fire door sets are required to protect residents in housing stock identified through the fire risk assessments to meet the objectives under the Programme and to comply with health and safety requirements. A fire door set is when a fire door is supplied with a corresponding door frame, both of which must be correctly fitted to provide the required fire protection.
- 3.2. The Council has prioritised the work in Appendix 1 as set out in its fire safety management system based on risk identified through its fire risk assessments, profiling in accordance of risk by building type as set out in its asset strategy and vulnerability of occupants. The law requires automated fire detection in communal parts, where it is identified that evacuation is appropriate in the event of a fire.
- 3.3. Accordingly, the decisions above are required to appoint the Council's in-house repairs service, H & F Maintenance, to carry out these works.
- 3.4. The recommendations set out above are the most effective way to enable the necessary work to be undertaken expeditiously and competently.

4. PROPOSAL AND ISSUES

- 4.1. As part of the Fire Safety Plus programme the Council will be commissioning major improvement works. We have prioritised the enhancements and remedial works to property type as set out in the Asset Strategy approved at Cabinet 3 December 2018 where the potential risks are higher including 10 storeys or more buildings (as set out in the Hackitt review), specialised/sheltered housing, hostels, converted street properties and higher risks identified in fire risk assessments.
- 4.2. The fire risk assessments and fire safety plus inspections have identified up to 1,600 buildings, the majority of which are converted street properties that share a communal space and vary in size and complexity, where automated fire detection is required or needs upgrading. Automated fire detection is fundamental to enabling safety in the event of a fire in buildings where evacuation is required. The sooner the residents are alerted to smoke and heat from a fire the more likely they can depart safely from their homes and raise the alarm to the fire brigade.
- 4.3. The Council wants to go beyond minimum requirements, which is LD3, grade D, which includes circulation space and hallways but not all habitable rooms, and where possible will install a system to LD2, grade D standards that places interlinked detection in habitable rooms, the kitchen, circulation space and communal hallways.

- 4.4. Compartmentation and fire stopping are crucial to contain the spread of fire, heat and smoke. There are over 1,300 risk assessments of communal areas in addition to the works outlined in paragraph 4.2 above, many of which identify works to improve compartmentation, for example, in riser cupboards and fire stopping where services pass through walls. The works are bespoke and vary from building to building.
- 4.5. The Fire Safety Plus initiative invites residents to request a fire safety inspection of their home. The inspection includes a review of structural elements including, for example, communal internal and external fire doors. Fire doors within flats will hold back the smoke, heat and fire allowing the occupants to safely escape once alerted by the automated fire detection. The works will differ from home to home. So far 1,000 of these inspections have taken place, carried out by the in-house team of fire safety assessors.
- 4.6. The proposed works for the in-house service to carry out are set out in Appendix 1, to specifications developed by Property & Compliance:
- install automated fire detection (AFD) as set out in Appendix 1;
 - carry out compartmentation and firestopping;
 - install and upgrade internal and external fire doors.
- 4.7. The procurement of appropriately specified and fully compliant materials is being addressed as part of the set up of the in-house repairs team. All specifications have been provided by the Property & Compliance team, with sign off of works being carried out by the Property & Compliance team as part of its clienting responsibilities.

Programming works

- 4.8. The works are estimated to take up to 36 months to deliver. The works will be broken down into phased programmes according to the level of priority and type of work, based on current deficiency notices and the fire risk assessment (FRA) risk ratings. However at the end of this programme it is likely that the staff will be absorbed into other programmes so no redundancy costs are anticipated. This work will continue even if the repairs service is outsourced in 12 – 15 months' time.

Health and Safety

- 4.9. The works will be carried out in line with all relevant legislation, and Property & Compliance will ensure compliance with all regulatory requirements, including:
- a) The Health & Safety at Work Act 1974 (and all applicable regulations)
 - b) The Regulatory Reform (Fire Safety) Order 2005
 - c) The Control of Asbestos Regulations 2012
 - d) Construction (Design & Management) Regulations 2015
- In addition, there are British/ European standards that need to be complied with in relation to the individual activities, such as both the manufactured standard of a fire door and its fitting.

In house service team – H & F Maintenance

- 4.10. On 8th October 2018 Cabinet agreed to terminate the Council's current contract with Mitie Property Services by giving 26 weeks' notice under the contract terms. The Leader's Urgency Report (Business case and procurement strategy in relation to provision of housing repairs and maintenance contractors post Mitie) was approved on 31st October 2018. This included the establishment of an in-house repairs service, or direct labour organisation, to undertake communal and complex repairs. This team is currently being established and is named H & F Maintenance.
- 4.11. Consideration of using the in-house service team rather than third party providers has been based on:
- Direct control and responsive service;
 - Local and skilled workforce;
 - Building sustainable skills within the Council;
 - Visibility and accountability with residents;
 - Value for money.
- 4.12. H & F Maintenance will be operational from 17 April 2019. It will include a fire safety minor works team that will undertake works commissioned, scoped and inspected by the Property & Compliance Team. By using an in-house team dedicated to works within the borough, the Council will have direct management control of the service.
- 4.13. The in-house fire safety works team will be trained by independent third party door, compartmentation and fire stopping installers against the recognised best practice industrial standard to undertake the works competently as set in Appendix 1. The flexibility of a local workforce is suited to the bespoke nature of each item of work that varies from property to property. An issue for contractors is the difficulty in gaining access to street based properties. The in-house team will have closer working relationships with Housing Management Services in order to secure access, along with greater flexibility to build "no access" issues into daily schedules.
- 4.14. It is likely that fire safety works will remain a high priority for residents and the Council. Once fitted as part of the capital improvement programme, there will remain an element of responsive repair, as well as ensuring compliance with any future legislative changes. By using the in-house team, the Council will build capacity and sustainability to address future issues without recourse to external providers.
- 4.15. Consultation with residents underpinned the design of the approach to repairs and maintenance, especially in the establishment of the in-house service team. By having the Council's own staff working in properties and on estates, staff are more able to listen to residents and respond to issues. This is a key improvement required in the service, especially in areas of high risk and of particular concern to residents.
- 4.16. Contractor overheads are avoided by using the Council's own staff to carry out these works, nor does the Council contribute to contractors' profits. H & F Maintenance contributes to recovering overheads for central support services.

- 4.17. The work of H & F Maintenance in respect of fire safety works will be overseen by the Property & Compliance Team who will scope and instruct the works following surveys and re-visit to confirm quality assurance and compliance with legal requirements.

LEASEHOLDERS

- 4.18. Under the terms of the lease, Council leaseholders are required to contribute towards any costs the Council incurs in maintaining and renewing the common and structural parts of the building.
- 4.19. This includes automated fire detection in communal parts only (not inside premises where leaseholders are responsible for installing fire protection measures).
- 4.20. However, as the fire safety works form part of the Fire Safety Plus programme, the Council has already given a commitment not to pass these costs on to Council leaseholders.

5. OPTIONS AND ANALYSIS OF OPTIONS

- 5.1. Work is estimated to cost in the region of £6,000,000 broken down as follows:
- Supply and install AFD £ 2,659,900
 - Supply and fit compartmentation/firestopping/doors £ 3,335,100
- 5.2. The works have been highlighted as necessary following a Fire Risk Assessment the results of which are on the Council's website. Not carrying out this work as a matter of urgency would put the council at risk of prosecution by the London Fire Brigade.

OPTION 2: Traditional tender

- 5.3. The allocation of a service provider for these works is urgent for reasons set out above, giving insufficient time to carry out a full tender exercise. It is also considered that a third party provider would not allow the control, flexibility, value for money or responsiveness of self delivery.

OPTION 3: Mini competition from an approved framework

- 5.4. These works are urgent for reasons set out above, giving insufficient time to carry out a full tender exercise. It is also considered that a third party provider would not allow the control, flexibility, value for money or responsiveness of self-delivery.

OPTION 4: Direct award from an approved framework

- 5.5. These works are urgent for reasons set out above, and even making a direct award will take longer than starting the works with the in-house resources. It is considered that a third party provider would not allow the control, flexibility, value for money or responsiveness of self-delivery.

Option 5: Self delivery (preferred option)

- 5.6. These works are urgent for reasons set out above. Self delivery is in line with the Council's strategy in relation to repairs and maintenance and is therefore considered to be the best option

6. CONSULTATION

- 6.1. Residents are members of the Tenants' and Residents' Association (TRA). The Council's resident involvement team have an excellent working relationship with the TRA. Residents will be invited to review and comment on the proposals.
- 6.2. We will engage with the TRA and residents on all the proposed works. We will attend both committee and general meetings, with the TRA's agreement, to ensure the TRA and residents are kept informed.
- 6.3. Letters will be sent to all leaseholders and tenants advising of the proposed work.
- 6.4. Housing Management officers will carry out a needs assessment to inform the process about vulnerable tenants.
- 6.5. We will work with and update ward Councillors as part of any communication.

7. EQUALITY IMPLICATIONS

- 7.1. The appointment of the Council's in-house repairs service, as set out in the Recommendations of this report, poses no direct negative impacts on groups with protected characteristics under the Equality Act 2010. It is anticipated that the resident consultation on the proposed works with TRA members will include consideration for those with protected characteristics.
- 7.2. *Implications completed by: Fawad Bhatti, Social Inclusion Policy Manager, tel. 07500 103617.*

8. LEGAL IMPLICATIONS

- 8.1. This report is seeking approval to update a previously agreed Business Case and Procurement Strategy by removing from the scope of that Strategy the Fire Safety Plus works set out in Appendix 1, for the purpose of passing this to the new in-house repairs service.
- 8.2. When a decision is taken that a service will be carried out in-house, there are no contractual issues because no organisation can have a contract with itself. Therefore the recommended decision has no impact under the EU public procurement regime or under Contract Standing Orders.
- 8.3. Fire safety works fall within the Council's overall statutory duties as landlord, as well as contractual obligations on health and safety set out in individual

tenancy agreements and leases. There are also various British and European standards regulating how these works have to be carried out. It is therefore important that the in-house service uses appropriately trained operatives in order to demonstrate that it can meet the standards required, otherwise the Council risks both legal claims by residents and prosecution by the appropriate regulatory authorities.

Implications verified/completed by: Deborah Down, senior associate with with Sharpe Pritchard LLP, on secondment to the Council. ddown@sharpepritchard.co.uk

9. FINANCIAL IMPLICATIONS

- 9.1. The fire safety works of £6m as outlined in Appendix 1 are all capital in nature and will be funded from the HRA Capital Programme over the three years (2019/20 - 2021/22) from the approved budget of £13.16m for this period. Of this, £6.66m is unallocated. £6m of this budget will now be allocated to H&F Maintenance to deliver fire safety works rather than through third party providers.
- 9.2. The client function will be carried out by the Property & Compliance Fire Safety Team, funding for which is contained within the existing £22.2m one-off revenue budgets within the Housing Revenue Account for 2019/20 as approved by Cabinet in the report "Costs of the interim housing repairs delivery model" in March 2019.
- 9.3. Finance officers will work closely with the service to ensure the costs of both fire safety works and the Fire Safety team will be closely monitored and contained within the approved budget envelope. Any variance to budget will be reported through the Council's capital and revenue monitoring regimes.
- 9.4. As this programme of works spans the three years from 2019/20 – 2021/22, but the interim repairs delivery model is only approved for the financial year 2019/20, it is expected that the costs of responsive repairs (as outlined in paragraph 4.14 and which are not likely to arise until after 2019/20) and the ongoing client costs under the Fire Safety team will be included within future revenue budgets which will be approved by Cabinet in February 2020 as part of the annual budget setting process.
- 9.5. Paragraph 4.20 explains that as the fire safety works form part of the Fire Safety Plus programme, the Council has already given a commitment not to pass these costs on to Council leaseholders. As such the approved capital budget does not assume any leaseholder contributions for fire safety works.
- 9.6. The plans set out in this report, in relation to the revenue costs of the in-house team (H& F Maintenance) and Property & Compliance Fire Safety Team, are part of a package of short term arrangements under the interim repairs delivery model which are expected to adversely impact on the current projected level of HRA cashable reserves. The projected level of HRA cashable reserves, which before any appropriation or transfer to the reserve for the 2018/19 financial year outturn, is forecast to be £37.8m, and will

reduce to £33.7m in 2019/20 as a result of Cabinet's recent approval on 4th March of the above-mentioned report which included the approval of a budget of £22.2m for the 2019/20 financial year.

- 9.7. The plans set out in this report are not expected to adversely impact on the level of debt in the HRA as measured by the HRA Capital Financing Requirement (CFR), as the £6m is part of the approved capital budget for Fire Safety Plus. However, should the spend on Fire Safety capital works exceed the £6.66m referenced in 9.1, unless additional sources of funding is identified, the CFR would increase.
- 9.8. Implications completed by: Danny Rochford, Head of Finance (Growth & Place), 020 8753 4023 and Firas Al-Sheikh, Head of Housing Financial and Investment and Strategy (Growth & Place), 020 8753 4790.
- 9.9. Implications verified by: Emily Hill, Assistant Director, Corporate Finance, telephone 020 8753 3145.

10. IMPLICATIONS FOR BUSINESS

- 10.1. The proposal has the potential to create opportunities for local SMEs and the newly created in-house team will work with the Local Supply Chain Programme to identify and engage local suitable businesses when appropriate.
- 10.2. *Implications verified/completed by: Alben Karameros, Programme Manager, Economic Development tel 020 7938 8583.*

11. COMMERCIAL IMPLICATIONS

- 11.1. There are no direct procurement implications resulting from this report as the proposal is outside the CSOs and PCR 2015 requirements.
- 11.2. Any procurement exercises resulting from bringing the services presented in this report in house shall be conducted in accordance with the Regulations.
- 11.3. Implications verified/completed by: Andra Ulianov, Head of Procurement and Contracts , x2284.

12. IT IMPLICATIONS

- 12.1. This paper requests approval to appoint the Council's in-house repairs service, H&F Maintenance, to undertake fire safety improvement works once the repairs service becomes operational (from 17 April). The overall transitional arrangements for bringing the Council's repairs and maintenance service in-house will require iWorld (the Council's Housing Management System) to be configured for repair ordering. The project team for the transitional repairs and maintenance arrangements will need to continue to work closely with Corporate IT, G&P IT, Northgate (iWorld's supplier) and the relevant repairs and maintenance service providers to minimise the impact of this highly demanding timeline. The tight timescales and multiple suppliers/requirements are likely to result in a less than optimal solution.

- 12.2. IM Implications: if not already covered by the existing Privacy Impact Assessment (PIA), a PIA will need to be completed and kept up to date, to ensure all potential data protection risks around undertaking fire safety improvement works in-house are properly assessed with mitigating actions agreed and implemented. For example, a contract data protection and processing schedule or an information sharing agreement template and a Supplier Security Checklist to ensure the systems used by any third party contractors engaged in relation to these works comply with H&F's regulatory requirements.
- 12.3. Any contracts arising from these works will need to include H&F's new data protection and processing schedule. This is compliant with the General Data Protection Regulation (GDPR) enacted from 25 May 2018.
- 12.4. *Implications verified/completed by: Tina Akpogheneta, Interim Head of Strategy and Strategic Relationship Manager – 020 8753 5748.*

13. RISK MANAGEMENT IMPLICATIONS

- 13.1. The Council needs to put in place an appropriate programme for fire safety works, in its housing stock following the termination of the Mitie contract. This will enable the Council to meet its objectives, keep its tenants and leaseholders safe and ensure it is compliant with relevant statutory requirements. Officers are recommending that this programme can be best delivered by allocating fire safety works to the Council's in-house repairs team rather than seek external contractors.
- 13.2. In line with its ruthlessly financially efficient priority, the Council also needs to demonstrate that housing related services and demonstrate and deliver value for money in managing and maintaining its housing stock to an appropriate standard. Officers will need to ensure that robust arrangements for monitoring and reporting expenditure to management and Members) relating to this and works being delivered from the approved capital and revenue budgets are being managed within in the available financial envelope.
- 13.3. It is essential that appropriate programme and client management resource and governance arrangements are put in place and that the programme risks are reviewed and managed by the proposed Corporate Repairs Board. The programme risk register needs to include key interdependencies with other change programmes relating to the creation of the DLO and corporate programmes, including but not limited to the West King Street regeneration/Town Hall Decant programme and the Desktop Strategy programme, and the mitigations which need to be put in place to minimise impact on meeting the objectives of this and other programmes.

- 13.4. The Corporate Repairs Board should regularly review H&F Maintenance's performance in delivering the fire safety programme and provide assurance to the Chief Executive and Members that the programme is on track and delivering its objectives.
- 13.5. Officers will need to ensure that leaseholder consultation requirements are fully complied with prior to the decision to award specific works so that all eligible works carried out under the contracts can be fully recharged to leaseholders.
- 13.6. Implications verified/completed by: David Hughes, Director Audit, Fraud, Risk and Insurance tel: 020 7361 2389

14. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

Leader's Urgency Decision Paper entitled the 'Business case and procurement strategy in relation to use of third party frameworks for the provision of housing capital works and consultancy services' which was approved by the Leader on 7 September 2018.

Cabinet Paper entitled 'H & F Housing: Compliance and Asset Management Strategy' which was approved by the Cabinet 3 December 2018.

LIST OF APPENDICES

Appendix 1 – Fire Safety Works – 2019 - 2022

APPENDIX 1 - Fire safety works 2019 - 2022

From Existing Fire Safety Works funding agreed by Cabinet 3 December 2018

Compartmentation & firestopping works

Approximately 500 sites identified in fire risk assessments, all vary in nature, size and location

Cost: £2,001,060

Loft compartmentation

Minimum 103 lofts, all varying in size

Cost: £500,265

Fire Doors

Internal fire doors (front doors to individual properties), approximately 1,000

Cost: £833,775

Automated fire detection Converted Street Property

Total number up to 1,600 systems: LD2, Grade D to include communal parts (assume heat detector in kitchen with smoke detectors in other rooms and circulation space).

Cost: £2,659,900