

Item No.	Classification: Open	Date: 26 July 2023	Decision Taker: Strategic Director Housing
Report title:		Gateway 2 - Contract Award Approval Type 4 Fire Risk Assessments (FRAs) for other blocks (Areas 2 and 3)	
Ward(s) or groups affected:		Camberwell Green; Champion Hill; London Bridge & West Bermondsey; North Bermondsey; Old Kent Road; Peckham; Peckham Rye; Rotherhithe; Rye Lane; South Bermondsey; St Giles; Surrey Docks.	
From:		Director of Asset Management	

RECOMMENDATION(S)

That the Strategic Director of Housing:

1. Approves the contract award to Seville Developments Ltd for the provision of Type 4 Fire Risk Assessments (FRA) (via the NFP Public Procure - Building Refurbishment Framework) for various blocks within Areas 2 and 3 of the borough at a value of £1,449,463 for a maximum period of 46 weeks commencing in July 2023.
2. The cost of the surveys and contractor design fees is £1,449,463 plus a 5% client contingency of £72,473 and fees of £41,372 resulting in a total capital project cost of £1,563,308.
3. The Council will be issuing re-decoration vouchers with a provisional sum of £50,000 to be accounted for in revenue giving a total cost of £1,613,308.

BACKGROUND INFORMATION

4. The council is the landlord for over 187 High Rise Buildings (HRBs) – these are buildings with seven storeys or a height above 18m.
5. The council has determined that it needs to conduct Type 4 FRAs at its HRBs to meet the requirements of the Building Safety Act (2022).
6. The Gateway (GW) 1 was approved on the 24 May 2023 that approved to enter into direct award contract via the NPF Public Procure - Building Refurbishment framework.
7. A Type 4 FRA is a destructive survey and it looks at both communal areas and within flats. Specifically, because it is destructive, the Type 4 FRA will

check the compartmentation of the building and will allow the council to understand and mitigate any potential risks relating to this. Compartmentation refers to the aspects of the building (such as fire resistant doors and walls), which prevent fire spreading between flats or between communal areas and flats.

8. Under the Building Safety Act (2022), the council must submit 'Safety Case Reports' to the new Building Safety Regulator. These reports explain the risks for the building and the actions being taken to mitigate them.
9. The council has determined that its reports will need to include the findings from Type 4 FRAs. This will allow the council to show that it understands and addresses the risks relating to compartmentation. If the council cannot show this, the Safety Case Reports will not be approved by the Building Safety Regulator and the council will not meet the requirements of the legislation.
10. Asset Management conducts fire risk assessments (FRAs) for the council's housing stock. When it does this, it conducts Type 1 FRAs, these are visual surveys which look at the communal areas of the building. The Type 1 FRA is not destructive. Therefore, it cannot be used to check compartmentation and it would not give the council the understanding and mitigation of risk that it needs for its Safety Case Reports.
11. Type 2 FRAs are destructive, but they only look within communal areas. The council has determined that this would not be enough to meet the Safety Case Report requirement. Type 3 FRAs look within communal areas and flats, but they are not destructive. Therefore, these would not allow the council to check compartmentation and would mean the council could not meet the legislative requirements.
12. The council's 187 HRBs are located across the borough. 88 of the HRBs are within Areas 1 and 4 of the borough (Borough and Bankside, Walworth, Nunhead, Dulwich), 83 of them are within Areas 2 and 3 of the borough (Bermondsey, Rotherhithe, Peckham, Camberwell), and six are not within any area, as these are managed by the Leathermarket JMB.
13. Residents of each block will be written to informing them of the proposed surveys. Only a few will be contacted directly for access. The selection of dwellings to be contacted directly for access will be based on the different archetypes within each block. The selected dwellings will be given £100 decoration vouchers each to redecorate after the surveys have been completed. A provisional cost of £50,000 has been allocated for the vouchers, however this cost will most likely reduce as the intention is to go into the void properties as well as tenanted properties.
14. This procurement relates to the Type 4 FRAs for all of the high-rise blocks within Areas 2 and 3, excluding scissor blocks (which are being undertaken by a separate contract), which total to six blocks. The HRBs for Areas 1 and 4 are covered by another contract.

Procurement project plan (Key Decision)

Activity	Completed by/Complete by:
Forward Plan for Gateway 2 decision	01/05/2023
Briefed relevant cabinet member (over £100k)	01/05/2023
Approval of Gateway 1: Procurement Strategy Report	24/05/2023
Completion of Direct Award Discussions	31/05/2023
DCRB Review Gateway 2:	26/06/2023
CCRB Review Gateway 2:	<n/a>
COT Review Gateway 2: (If applicable)	n/a
Notification of forthcoming decision – Five clear working days	03/07/2023
Approval of Gateway 2: Contract Award Report	10/07/2023
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	19/07/2023
Contract award	20/07/2023
Add to Contract Register	21/07/2023
TUPE Consultation period (if applicable)	n/a
Contract start	20/07/2023
Publication of award notice on Contracts Finder	21/07/2023
Contract completion date	11/06/2024

15. The package consists of fire risk assessments to the following the blocks listed in Appendix 1.

16. The key work elements and indicative costs are as follows:

Preliminaries	£195,364.00
R&D Surveys	£251,120.00
Compartmentation Surveys	£855,561.50
Risk Items	£85,000.00
Central Office Overhead & Profit @ 4.5%	£62,417.05
Re-decoration Vouchers- revenue	£50,000.00
Total	£1,499,463.55

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

17. The procurement has enabled one contractor to be selected who will deliver FRA' in line with the councils specifications and time frames, to meet government legislation.
18. The contract value is considered to be value for money. Seville Developments Ltd are ranked 1st on NFP Procure Public - Building Refurbishment Framework and scored full marks (40%) for their pricing submission as the lowest bidder. Further in comparison with Partnering Contractors who are undertaking the same scope of works to Areas 1 & 4 the rates are circa 10% lower.

Key/Non Key decisions

19. This report deals with a key decision.

Policy implications

20. The procurement of the Type 4 FRAs will help the council to meet relevant legislation and policies, these are listed below:
 - Building Safety Act (2022)
 - Theme 6 of the Fairer Future for All Commitments. This theme states that 'Everyone should have a safe place they are proud to call home. Southwark Council is the biggest social landlord in London and we're committed to maintaining the highest standards, so all our homes are clean, safe and cared for'.
 - Under Principle 2 of its Housing Strategy, the council is committed to 'Demanding the Highest Standards of quality of homes'. This includes a pledge to 'implement any of the recommendations that result from the tragic Grenfell Tower fire inquiry.'
 - Under the Asset Management Strategy, fire safety is a high priority – the Building Safety Programme reflects this. As discussed by the Asset Management Strategy, 'Works required to reduce the risk from the spread of fire and smoke from these Fire Risk Assessments, will usually be integrated into the cyclical programme.'

Tender process

21. The GW 1 approved a direct award with Seville Developments Ltd (allowable under the framework) from the NFP Procure Public Building Refurbishment Framework Lot 7 (Award Notice 2021/S 000-013560).

Tender evaluation

22. Pre Contract communications between the council and Seville took place on 18 May 2023. This involved review of Schedule 1 of the Call off Contract – which explains the services that Seville would undertake for the council. The meeting also involved ensuring correct levels of insurance and competency with supply chains met the deliverables of the council using specialist contractors.

Plans for the transition from the old to the new contract

23. Not applicable

Plans for monitoring and management of the contract

24. The council's contract register publishes the details of all contracts over £5,000 in value to meet the obligations of the Local Government Transparency Code. The Report Author must ensure that all appropriate details of this procurement are added to the contract register via the eProcurement System.

25. Performance monitoring mechanisms (including service desk and supplier reporting) will be used in respect of:

- Delivery of the works
- Invoicing
- Sharing of reports and data
- Complaint handling
- Key Performance Indicators (KPIs)

26. The following KPIs will be agreed with the supplier:

- 100% of works to be delivered on time, based on an agreed programme
- 100% of invoices to be supplied accurately and on time
- 100% of reports and data to be shared within an agreed timeframe and format
- 95% of complaints to be handled within 5 working days

27. Officers will also produce performance reports in line with the council's Contract Standing Orders.

Identified risks for the new contract

28.

	Risk Identified	Risk Rating	Mitigation
1	Performance Contracts of	Low	The works should be completed in 46 weeks. The timescale will be monitored closely throughout. And the contractor required to issue early warning notices to mitigate any delays which may occur. Clerk of Works will review 100% of work Completed.
2	Risk of Insolvency	Low	Officers have undertaken a credit check which has returned a score of 99, which determines the contractor as a good sound business.
3	Risk of cost increase	Low	The call off contract explains that no increase in price shall occur in the fixed price period.
4.	Subcontractors Risk	Low	Officers will monitor the contract with regular reviews around quality of work from subcontractors and ongoing capacity.

Other considerations (For Housing Department works contracts only)

29. None.

Community, equalities (including socio-economic) and health impacts

Community impact statement

30. The Public Sector Equality Duty requires public bodies to consider all individuals when carrying out their day to day work, in shaping policy, in delivering services and in relation to their own employees. It requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities.

31. The high-rise blocks within Areas 2 and 3 include over thousands of homes. Therefore, when these Type 4 FRAs are conducted, thousands of residents

will be impacted. This may lead to some disturbance and costs for residents, but the surveys are needed to keep residents safe, both now and during the future. Any additional costs will be subject to further approval and consultation.

32. Local residents will be consulted at each stage of the work

Leasehold Implications

33. The surveys are chargeable to leaseholders under the terms of their leases. We are doing the surveys because the surveys are needed for the council to meet legislation and management of the block.

Section 20 not required for this project because it is a service and not a Qualifying Agreement (under 12 months). However, Home Ownership Services will still engage with leaseholders. Major Works and Building Safety will also engage with leaseholders and tenants too in the form of FAQs to explain the reasons for charging. There will also be events which leaseholders can attend and engage with the Major Works and Building Safety teams.

Equalities (including socio-economic) impact statement

34. The supplier has agreed to the council's equality and diversity policies.

Health impact statement

35. The council's HRBs have FRAs and Fire Strategies – these are the strategies that help to determine the appropriate response to a fire, depending on the characteristics of the building. Fire Strategies mitigate the health risks around fire and smoke.

36. The Type 4 FRAs and the actions which follow from them, will help the council to meet new legislative requirements and to update fire strategies as required. Therefore, the council can continue to mitigate the health risks around fire and smoke

Climate change implications

37. The Type 4 FRAs do not have climate change implications.

Social Value considerations

38. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing a procurement process, how wider social, economic and environmental benefits that may improve the well-being of the local area can be secured. The social value considerations included in the tender (as outlined in the GW) are set out in the following paragraphs in

relation to the tender responses, evaluation and commitments to be delivered under the proposed contract.

39. Due to the short-term nature of this contract and the urgency to get a Seville Developments Ltd in place and undertaking the FRA's, officers did not discuss or seek social value on this contract. However, Seville's is likely to have an apprenticeship scheme in place and officers will seek to understand whether any of their apprentices will work on this project.

Economic considerations

40. The council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, contractors and subcontractors engaged by the council to provide works or services within Southwark or Greater London pay their staff at a minimum rate equivalent to the LLW rate. For contracts performed outside London, all relevant staff should be paid at or above the real UK Living Wage. The supplier confirmed they met this requirement and will be reviewed during the life of the contract.
41. The supplier will be required to collect data on employment status of any subcontracted operatives and confirm payment of LLW. All quality improvements and any cost implications will be monitored as part of the contract review process.

Social considerations

42. There are no additional social considerations.

Environmental/Sustainability considerations

43. The Type 4 FRAs do not have environmental and sustainability considerations or implications.

Market considerations

44. The Building Safety Team (BST) carried out market considerations for Type 4 FRAs.
45. Due to the new legislative requirement, these surveys are needed by Landlords across England and there is especially high demand across London. With the recent implementation of the Building Safety Act (2022), the challenges with the market will only become more significant and demand will increase. However, there are skills shortages of those persons who can conduct these surveys. Therefore, the costs of Type 4 FRAs are significant and it is difficult to find competent suppliers for these services.

Staffing implications

46. The monitoring of this contract should not have an impact upon staff resources, as it will be managed by the Investment Service and the Building Safety Programme Team

Financial implications

47. The cost of the surveys including fees, contingency plus re-decoration vouchers is estimated to be £1,613,309 and the anticipated expenditure profile; including fees are shown on the table below:

Element	2023/24	Totals
Surveys	£1,449,463	£1,449,463
Contingency	£72,473	£73,474
Fees	£41,372	£41,372
Total Capital	£1,563,308	£1,563,308
Decorating Vouchers	£50,000	£50,000
£1,613,308	£1,613,308	£1,613,308

48. The surveys identified in this report form part of the Housing Investment Capital programme. The total capital cost of this work is £1,563,308. The project code for this scheme "Type 4 Fire Risk Assessment (FRAs) 23/24 (Seville)" is H-3113-9952 and the project will be funded from the Type 4 Fire Risk Assessment budget allocation within the Capital Programme, as approved by the Housing Investment Board on 14 August 2019. The £50,000 will be reporting and funded from Revenue.

49. The current financial position on the council's entire Housing Investment Programme currently indicates a significant gap in resources against the projected expenditure on the total programme across the years. Therefore cash flow implications will also need to be monitored closely to ensure that there are sufficient resources to fund the overall Housing Investment Programme on a yearly basis.

50. The cost breakdown for calculating the fees are based on the figures below. The 5% client contingency fund is not included.

Consultancy services provided – Brandon roofs QHIP 20-22	IP or EP? (int. or ext. provider)	Internal works fee (%)	Internal works fee (£)	External works fee %	External works fee (£)	Total fees (£)
			£417,011		£1,032,452	£1,449,463
Contract Project Manager (CPM)						
Lead Designer						
CDM Coordinator						
Quantity Surveyor	IP	3.00%	£12,510	N/A		£12,510
Other specialist services – Asbestos Surveys – Mailouts - Fire Engineer	IP	N/A	0	LUMP	0	0
Planning drawings	IP	N/A	0	LUMP	0	0
Planning/Building Control fees	IP	LUMP	0	LUMP	0	0
Project Management (Delivery Team)	IP	2.44%	10,175	1.81%	18,687	28,862
Second Stage Appraisal (fixed sum)	IP	n/a	0	n/a	0	0
Total fees for this contract			£22,685		£18,687	£41,372

Investment implications

51. The surveys will be costed to the Housing Investment Programme. This programme has allocated funding for Type 4 Fire Risk Assessments

Second stage appraisal (for construction contracts over £250,000 only)

52. Not applicable

Legal implications

53. Please see concurrent from the Assistant Chief Executive Governance and Assurance.

Consultation

54. Not applicable

Other implications or issues

55. None

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (H&M23/025)

56. This report seeks the approval of the Strategic Director of Housing for the direct award to Seville Developments Ltd for the provision of Type 4 Fire Risk Assessments (FRA) (via the NFP Public Procure - Building Refurbishment Framework) at a value of £1,449,462.55.

57. The total capital costs including fees and contingency is £1,563,308. The revenue costs are £50,000 resulting in total costs of £1,613,308. The financial implications section details the funding of the scheme.

58. Any variation or extension of the contract out of the scope of this report will require further approval in line with the Council's protocols.

Head of Procurement

59. The Strategic Director of Housing approves the award to Seville Developments Ltd for the provision of Type 4 Fire Risk Assessments (FRA) (via the NFP Public Procure - Building Refurbishment Framework) at a value of £1,449,462.55 for a period of 46 weeks commencing in July 2023.

60. The Strategic Director of Housing notes the procurement in detailed in paragraphs 13 to 14 and 17 to 18, management and monitoring of the

contract is detailed in paragraphs 20 to 23, the risks are detailed in paragraph 24, the impact on equalities, health and climate change are detailed in paragraphs 29 to 32, confirmation of the payment of London Living Wage is detailed in paragraph 32 and there are NO social value commitments.

Assistant Chief Executive – Governance and Assurance

61. This report seeks the approval of the Strategic Director of Housing to the contract award for the provision of Type 4 Fire Risk Assessments to Seville Developments Limited as further detailed in paragraph 1. By virtue of contract standing order 6.5.2(f), this decision should be taken by the relevant chief officer, after consideration of the report by DCRB.
62. The nature and value of this contract is such that it is subject to the full tendering requirements of the Public Contract Regulations 2015 (PCR 2015). However as noted in paragraph 17 and approved at Gateway 1 stage, award is through a direct call-off from the NFP Public – Building Refurbishment framework, which the framework permits as this provider is the top ranked provider. This framework has been established following an PCR compliant tendering process and allows local authorities to use for their own requirements, thereby satisfying the tendering requirements of the PCR 2015.
63. The Strategic Director's attention is drawn to the Public Sector Equality duty (PSED General Duty) under the Equality Act 2010, which requires public bodies to have regard, when making decisions, to the need to eliminate discrimination, advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic and those who do not share it. The Strategic Director is specifically referred to the community, equalities (including socio-economic) and health impacts at paragraphs 26-31 setting out the consideration that has been given to equalities issues which should be considered when approving this award.
64. Contract Standing order 2.3 requires that no steps are taken to award a contract unless the expenditure involved has been included in approved estimates, or is otherwise approved by the council. Paragraphs 42 and 43 confirm the financial implications of this award.

PART A – TO BE COMPLETED FOR ALL DELEGATED DECISIONS

Under the powers delegated to me in accordance with the council's Contract Standing Orders, I authorise action in accordance with the recommendation(s) contained in the above report (and as otherwise recorded in Part B below).

Signature



Date 25 July 2023

Designation Managing Director, Southwark Construction

PART B – TO BE COMPLETED BY THE DECISION TAKER FOR:

- 1) All key decisions taken by officers
- 2) Any non-key decisions that are sufficiently important and/or sensitive that a reasonable member of the public would reasonably expect it to be publicly available (see 'FOR DELEGATED DECISIONS' section of the guidance).

1. DECISION(S)
As set out in the recommendations of the report.

2. REASONS FOR DECISION
As set out in the report.

3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED BY THE OFFICER WHEN MAKING THE DECISION
Not applicable.

4. ANY CONFLICT OF INTEREST DECLARED BY ANY CABINET MEMBER WHO IS CONSULTED BY THE OFFICER WHICH RELATES TO THIS DECISION
None

5. NOTE OF ANY DISPENSATION GRANTED BY THE MONITORING OFFICER, IN RESPECT OF ANY DECLARED CONFLICT OF INTEREST
<i>If a decision taker or cabinet member is unsure as to whether there is a conflict of interest they should contact the legal governance team for advice.</i>
None

6. DECLARATION ON CONFLICTS OF INTERESTS

I declare that I was informed of no conflicts of interests.*

or

~~I declare that I was informed of the conflicts of interests set out in Part B4.*~~

(* - Please delete as appropriate)

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Gateway 1 Procurement Strategy Approval Type 4 Fire Risk Assessments (FRAs) for other blocks (Areas 2 and 3)	Building Safety Team	Director of Asset Management

APPENDICES

No	Title
Appendix 1	List of Blocks - Areas 2&3

AUDIT TRAIL

Lead Officer	Desmond Vincent – Assistant Director of Building Safety	
Report Author	Desmond Vincent – Assistant Director of Building Safety	
Version	Final	
Dated	18 July 2023	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Finance	Yes	Yes

Head of Procurement	Yes	Yes
Assistant Chief Executive – Governance and Assurance	Yes	Yes
Director of Exchequer (for housing contracts only)	No	No
Cabinet Member	No	No
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	No	No
Cabinet	No	No
Date final report sent to Constitutional Team		25 July 2023