

Committees: Corporate Projects Board <i>[for decision]</i> Community & Children's Services Committee <i>[for decision]</i> Projects Sub Committee <i>[for decision]</i>	Dates: 12 January 2022 11 February 2022 17 February 2022
Subject: Fire Door Replacement Programme Unique Project Identifier: 12196	Gateway 4 Regular Issue Report
Report of: Director of Community & Children's Services Report Author: David Downing, Asset Programme Manager, DCCS	For Decision
<h1>PUBLIC</h1>	

1. Status update	<p>Project Description: This project proposes a programme of works to replace all front entrance doors (including any associated panel surrounds and fanlight windows) within City of London Housing managed residential blocks of flats – excluding those covered by existing programmes).</p> <p>The project will also include the replacement of any communal corridor fire doors, any fire escape doors from flats, and also any doors to electrical intake cupboards that need to be fire rated. As per public commitments by Members, replacement doors are to give 60 minutes fire resistance (30 minutes as an absolute minimum where 60 minutes is not achievable or appropriate).</p> <p>As previously approved at Gateway 4, the intention remains to procure contracts to replace fire doors on an estate-by-estate basis, with each procured contract to be authorised by a separate Gateway 5 on the regular approval track. Progress has been challenging through the necessary restrictions enforced due to Covid-19, however the procurement for Lot 1 (Holloway & York Way Estates) is complete with authority to proceed with the contract now approved at Gateway 5.</p>
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	<p>This report concerns progress on the remaining estates, grouped now on a priority basis into procurement Lots 2-5, and seeks to communicate the revised programme and affirm the procurement approach which has delivered savings on Lot 1.</p> <p>RAG Status: Amber (Green at last report to Committee). Changed due to programme slippage as detailed below.</p> <p>Risk Status: Low (Low at last report to committee)</p> <p>Total Estimated Cost of Project (excluding risk): £8,983,214</p> <p>Change in Total Estimated Cost of Project (excluding risk): Reduction of £116,786 since last report to Committee</p> <p>Total Estimated Cost of Project (including risk): £9,100,000</p> <p>Spend to Date: £86,375</p> <p>Funding Source: HRA Capital funding</p> <p>Costed Risk Provision Utilised: None to date</p> <p>Slippage: To provide accurate pricing the contractor has had to survey and fully measure every door within the Lot 1 works package which has meant working with residents to access properties throughout the Covid-19 pandemic. Prior to the public health crisis, the surveys had been envisaged to take little more than a couple of months to complete, however in the unprecedented circumstances it understandably took far longer as access to properties was severely limited for extended periods. Furthermore, upon survey, the existing door openings on the Holloway Estate were found to likely be too narrow under Part M of the Building Regulations once a replacement modern fire door giving the required level of fire protection was fitted. Pilot installations were required to be carried out in each block to demonstrate to Building Control what could reasonably be achieved within the limitations of the structure. City of London Building Control have now confirmed that the contractor's proposed designs are compliant under Part M. The total combined delay to the Lot 1 programme was 16 months from the dates forecast at Gateway 4.</p>
<p>2. Requested decisions</p>	<p>Next Gateway: Gateway 5 – Authority to Start Work (Lots 2-5)</p> <p>Requested Decisions:</p> <ol style="list-style-type: none"> 1. Note the revised project timelines following delay to the programme due to Covid-19 and design compliance issues; 2. Note the total estimated cost of the project at £8,983,214 (excluding risk), (£9,100,000 including risk); 3. That Option 1 is approved whereby the procurement of the remaining Lots will be undertaken via the Hyde Fire Safety Framework by means of their direct award mechanism to the top ranked supplier, Gerda Security

	Products Ltd, subject to tendered costs being within previously approved estimates.																																																
3. Budget	<p>A contract for Lot 1 (Holloway & York Way Estates) has been procured and approved to proceed at Gateway 5 via delegated authority. At Gateway 4 the estimates for Lot 1 were:</p> <table><tr><th colspan="2">GATEWAY 4 – Lot 1 Estimates</th></tr><tr><th>Item</th><th>Cost (£)</th></tr><tr><td>Holloway Estate</td><td>£537,500</td></tr><tr><td>York Way Estate</td><td>£1,112,500</td></tr><tr><td>Fees & Staff Costs</td><td>£165,000</td></tr><tr><td>Lot 1 TOTAL</td><td>£1,815,000</td></tr><tr><td>Funding Strategy</td><td>HRA Capital (not recoverable from long leaseholders).</td></tr></table> <p>These were revised at Gateway 5 to:</p> <table><tr><th colspan="2">GATEWAY 5 – Lot 1 Estimates</th></tr><tr><th>Item</th><th>Cost (£)</th></tr><tr><td>Tendered Works</td><td>£1,483,213.78</td></tr><tr><td>Provisional Sums</td><td>£50,000</td></tr><tr><td>Fees</td><td>£80,000</td></tr><tr><td>Staff Costs</td><td>£85,000</td></tr><tr><td>Lot 1 TOTAL</td><td>£1,698,213.78</td></tr><tr><td>Funding Strategy</td><td>HRA Capital (not recoverable from long leaseholders).</td></tr></table> <p>Costs for Lot 1 are therefore below the previously approved estimates by a sum of £116,786.22.</p> <p>Budget estimates for the remaining estates are unchanged from those previously approved at Gateway 4 and are presented below in their planned procurement Lots.</p> <table><tr><th colspan="3">Budget Estimates – Lots 2-5</th></tr><tr><th>Item</th><th>Works</th><th>Fees & Staff Costs</th></tr><tr><td>Lot 2 - Avondale Square</td><td>£2,787,000</td><td>£278,700</td></tr><tr><td>Lot 3 - Dron House, William Blake Estate, Sumner Buildings, Spitalfields, Lammas Green</td><td>£1,147,000</td><td>£122,275</td></tr><tr><td>Lot 4 - Southwark Estate, Windsor, Isleden, Otto Close</td><td>£1,358,500</td><td>£198,275</td></tr><tr><td>Lot 5 - Golden Lane Estate</td><td>£1,157,500</td><td>£235,750</td></tr></table> <p>The savings against estimates realised during the procurement of Lot 1 will be held as costed risk to mitigate the increased risk of extended market price uncertainty that may bear on the later</p>	GATEWAY 4 – Lot 1 Estimates		Item	Cost (£)	Holloway Estate	£537,500	York Way Estate	£1,112,500	Fees & Staff Costs	£165,000	Lot 1 TOTAL	£1,815,000	Funding Strategy	HRA Capital (not recoverable from long leaseholders).	GATEWAY 5 – Lot 1 Estimates		Item	Cost (£)	Tendered Works	£1,483,213.78	Provisional Sums	£50,000	Fees	£80,000	Staff Costs	£85,000	Lot 1 TOTAL	£1,698,213.78	Funding Strategy	HRA Capital (not recoverable from long leaseholders).	Budget Estimates – Lots 2-5			Item	Works	Fees & Staff Costs	Lot 2 - Avondale Square	£2,787,000	£278,700	Lot 3 - Dron House, William Blake Estate, Sumner Buildings, Spitalfields, Lammas Green	£1,147,000	£122,275	Lot 4 - Southwark Estate, Windsor, Isleden, Otto Close	£1,358,500	£198,275	Lot 5 - Golden Lane Estate	£1,157,500	£235,750
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	<p>phases of this programme. That said, it is cautiously anticipated that similar savings may be realised against the remaining Lots should the cost benefits of procuring direct from the manufacturer be approved barring a significant deterioration in wider external factors. Maximum unit prices chargeable under the framework are held until September 2022.</p> <p>The total estimated cost of the Fire Door Replacement Project is thus reduced to £8,983,214 (excluding risk) and held at £9,100,000 (including risk).</p> <p>Costed Risk Provision requested for this Gateway: £116,786</p>																					
4. Issue description	<p>1. Revised Delivery Programme.</p> <p>The procurement of Lot 1 was significantly delayed during the ongoing public health crisis. As detailed above, to provide accurate pricing, the contractor has had to survey and fully measure every door within the Lot 1 works package which has meant working with residents to access properties throughout the Covid-19 pandemic. Prior to the public health crisis, the surveys had been envisaged to take little more than a couple of months to complete. However, in the unprecedented circumstances it understandably took far longer as access to residential properties was severely limited for extended periods.</p> <p>Furthermore, upon survey, the existing door openings on the Holloway Estate were found to be too narrow under Part M of the Building Regulations once a replacement modern fire door giving the required level of fire protection was fitted. Pilot installations were required in each block to demonstrate to Building Control what could reasonably be achieved within the limitations of the structure. City of London Building Control have now confirmed that the contractor's proposed designs are compliant under Part M. The total combined delay to the Lot 1 programme was 16 months from the dates forecast at Gateway 4. Gateway 5 for Lot 1 has now been approved with works set to commence at Holloway & York Way Estates imminently. Procurement for Lot 2 (Avondale Estate) is set to commence on resolution of this Issues Report. Revised estimated timescales for all Lots are set out below.</p> <table><tr><th colspan="3">Revised Project Schedule</th></tr><tr><th>Lot</th><th>Pricing Survey</th><th>Estimated Delivery</th></tr><tr><td>Lot 1</td><td>complete</td><td>Jan 22 – May 22</td></tr><tr><td>Lot 2</td><td>Feb 22</td><td>May 22 – Sept 22</td></tr><tr><td>Lot 3</td><td>Jun 22</td><td>Sept 22 – Jan 23</td></tr><tr><td>Lot 4</td><td>Oct 22</td><td>Jan 23 – May 23</td></tr><tr><td>Lot 5</td><td>Jan 23</td><td>April 23 – August 23</td></tr></table>	Revised Project Schedule			Lot	Pricing Survey	Estimated Delivery	Lot 1	complete	Jan 22 – May 22	Lot 2	Feb 22	May 22 – Sept 22	Lot 3	Jun 22	Sept 22 – Jan 23	Lot 4	Oct 22	Jan 23 – May 23	Lot 5	Jan 23	April 23 – August 23
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Programme Risk

The revised estimated timescales are presented with a significant degree of uncertainty as per the following risk factors:

- (i) Covid-19 – the imposition of further restrictions would again lengthen the survey process as safe access to properties becomes more challenging.
- (ii) Internal resource issues – the DCCS Major Works Team has been significantly under resourced over the last six months as two key project managers have left the City to pursue other opportunities. The loss of experienced staff has been compounded by the restrictions on recruitment as the City moves towards its Target Operating Model. Any further delay in recruiting replacement Project Managers/Clerk of Works would negatively impact programme timescales; likewise, an increase in human resource above pre-Covid staffing levels could allow Lots to be delivered concurrently and the programme significantly escalated.

2. Procurement Strategy.

Lot 1 was successfully procured using the direct award mechanism of the specialist Hyde Fire Safety Framework. The selected contractor, Gerda Security Products Ltd, was the number one ranked contractor on the framework in terms of both cost and quality following a competitive selection process compliant with Official Journal of the European Union (OJEU) procedures (confirmed in due diligence by the City Solicitor). Despite the ongoing challenges of accessing residential properties during the ongoing public health crisis and the concomitant inflationary market, the procured contract for Lot 1 of this programme was £116,786.22 less than the estimated budget at the previous gateway (estimates made before the onset of Covid and before the impacts of Brexit had been quantified). The realised savings are principally attributed to the fact that the top ranked supplier, Gerda, are fulfilling the dual roles of manufacturer and installer thus eliminating the imposition of third party mark ups. The full Procurement Business Case for the use of the Hyde Fire Safety Framework direct award mechanism (attached to this report as Appendix 3) highlights a saving, as compared to the next cheapest priced competitor, of £250 per doorset. This programme will see the replacement of more than 3000 doors. Under the framework, the maximum prices chargeable per unit are held until September 2022.

It should also be noted that the Gerda manufactured doors are considered a market leader and are one of the few manufacturers whose certified performance met both the full criteria of the Ministry of Housing, Community and Local

	<p>Government destructive testing exercise and the heightened protection standards required by the City.</p> <p>An alternative approach, whereby either an open market tender or a mini-tender via the Hyde Fire Safety Framework, has been considered but it is difficult to see how this would secure a better price for the supply of Gerda doors in this particularly challenging market, especially as with multiple contractors pricing simultaneously they would not each be able to conduct a full measured survey which will inevitably lead to the pricing in of contractor risk and an extended use of provisional sums.</p> <p>The DCCS Property Services Team has worked recently with Gerda on a number of projects. As previously reported to Members, a small commission to replace doors as part of the construction of new flats at the ground floor level of Great Arthur House did not go well with a number of supplied doors requiring replacement as they were not to the desired specification. Works on a larger project - the replacement of doors to Petticoat Tower - are now nearing completion with the quality of both doors supplied and standards of workmanship in the installations satisfactory. Their ongoing performance will continue to be monitored carefully with robust project management oversight.</p> <p>It is therefore proposed to continue with the strategy utilised for Lot 1 for the remaining estates. As per standard project governance, should any of the procured prices for the remaining Lots exceed the estimates approved at the previous Gateway, the approval to proceed with the contract award for that Lot would be brought back to Members for consideration via Issues Report.</p>
<p>5. Options</p>	<p>1. Repeat the procurement strategy successfully adopted for Lot 1 for the remaining Lots.</p> <p>The direct award mechanism of the Hyde Fire Safety Framework would be utilised again for Lots 2 – 5 whereby the framework's number one ranked supplier, Gerda Security Products Ltd, would be approached to bid for the work. A single supplier would be able to carry out a full measured survey to deliver accurate pricing and reduce risk of cost uncertainty. Should the received bids fall within the prior approved estimates presented to Members at Gateway 4 (as with Lot 1), each Lot would proceed to Gateway 5 on the regular approval track for Chief Officer sign off as previously agreed at Gateway 4. Should the received bids exceed the previously approved estimates then any affected Lot would be brought to Members for consideration via Issues Report as per the City's project procedures.</p>

	<p>2. Change procurement strategies to an open tender or mini-tender approach for the remaining Lots.</p> <p>An open tender would allow testing of the full market for value for money. However, in essence this would be repeating the work carried out already by the Hyde Fire Safety Framework whereby a competitive OJEU compliant bidding process has already been completed with suppliers ranked on a quality (60%) and price (40%) basis. Furthermore, in order to meet the high specification requirements demanded by the City it is highly likely that Gerda manufactured doorsets (as market leader and top performer in the MHCLG destructive testing exercise) would be supplied by any successful contractor. Purchasing directly from the manufacturer would deliver significant savings (as per Appendix 3) as third party price mark ups would be eliminated.</p>
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Appendices

Appendix 1	Project Coversheet
Appendix 2	Risk Register
Appendix 3	Procurement Business Case

Contact

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