

Committee(s): Not Required	APPENDIX 3 Date(s): 25/03/2020
Subject: Fire Door Replacement Programme – Procurement Approach Business Case	Public
Report of: Director of Community & Children's Services	For Decision
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Summary

This report presents further detail on the recommended procurement options for the Fire Door Replacement Programme. A business case is detailed arguing that the direct appointment of Gerda Security Holdings via Lot 1 of the Hyde Fire Safety Framework will secure the high specification products required by the City whilst assuring value for money.

Recommendation(s)

- Endorse the recommended approach of procuring the Fire Door Replacement Programme via the specialist Hyde Fire Safety Framework.
- Endorse approaching the number 1 ranked supplier, Gerda Security Holdings Ltd, via the frameworks Direct Award mechanism for a fully costed estimate with a view to an appointment subject to compliance with the existing budgetary constraints of the project as approved at Gateway 1-4. This approach has the full support of the Chairman of DCCS Grand Committee and the Director of Community and Children's Services.

Main Report

Background

1. A programme of works to replace all front entrance doors (including any associated panel surrounds and fanlight windows), any communal corridor fire doors, service intake or riser cupboard doors, and any secondary fire escape doors from flats within City of London Housing managed residential blocks of flats (excluding those covered by existing programmes) is being developed following public commitments made by the City post the tragedy at Grenfell Tower.

2. A Gateway 1-4 report was approved by Projects Sub Committee (16/12/2019), DCCS Grand Committee (13/12/2019) and the Court of Common Council (16/01/2020) to procure contracts to replace fire doors on the City's Housing Estates, on an estate by estate basis, with a total estimated project budget of £9.1 million. The procurement approach as detailed in the report was to proceed via a specialist framework or through an open competitive tendering process.

Current Position

3. City Procurement colleagues have identified the Hyde Fire Safety Framework as the recommended route to market. This framework is a specialist framework in fire safety services and has a specific lot (Lot 1) which specialises in the replacement of Fire Doors. The Framework evaluation was conducted on the basis of the most economically advantageous tender with a Qualitative Weighting 60 and a Price Weighting 40. There are six suppliers selected for Lot 1 which have been ranked by the framework administrators following assessment of their tender submissions. Contract awards via the Hyde Framework can be made via Direct Award or via a mini-competition with all six suppliers.
4. The contractors named in the Contract Award Notice in respect of Lot 1 are (listed in rank order):

Lot No	Service Stream	Rank	Installer/Contractor
Lot 1	Fire Doors	1	Gerda Security Holdings
		2	Shellen Security
		3	Axis Europe
		4	OpenView Group
		5	Diamond Build
		6	Gunita (Eastern) Ltd

5. As part of the selection process all six contractors submitted a fully costed Schedule of Rates (SOR) which would set the maximum unit prices they could charge to any work procured through the framework. They were also required to confirm the manufacturer of the fire doors that they would supply. The combined SOR totals for each contractor are as follows:

Contractor	Door Manufacturer	SOR TOTAL	Variance from lowest price
Gerda Security Holdings	Gerda	£456,405.22	£0.00
Shellen Security	Shellen	£538,390.27	£81,985.05
Axis Europe	Gerda	£566,355.78	£109,950.56
Diamond Build	Gerda	£585,305.26	£128,900.04
Gunita (Eastern) Ltd	Gerda	£631,989.83	£175,584.61
OpenView Group	Gerda	£637,966.26	£181,561.04

6. Five of the six contractors selected for Lot 1 of the framework will supply Gerda doorsets.
- Gerda have been leading in the performance sector of the market, exceeding the requirements for door testing pass rates. The expected performance from our own City of London Fire Safety Adviser is that a 30-minute rated door (FD30s) should last 45 minutes and 60-minute door rated (FD60s), should last 75 minutes. Gerda fire doors meet this strict requirement and the City are committed to installing FD60s doors where possible.
 - Gerda are also currently one of the market leaders with innovative technology available for the City to take advantage of. This new technology allows the landlord to monitor door sets as part of the guidance notes released for the maintenance of fire doors following the Hackett Review. The doors are monitored constantly via a chip, to ensure that they are closing properly and various essential safety parts such as the door closer are still attached to the door. This technology saves the City extensive costs in resourcing or outsourcing an FDIS Inspector to check the doors every 3 months as now required.
 - The doors are sold with a lifetime warranty, are thermally more efficient (compliant with regulation Part L) and also come certified as Secure By Design (PAS 24) which is critical to keeping residents safe in their homes.
 - The doors offer a high level of weathering for external installations and exposed balconies.
 - They are fully sustainable and easily recycled.
 - Lastly, there is a full set of accessibility options available to adjust the doors to suit an individual's needs. These options include flush thresholds, longer handles and swing free door closers for example.
7. The remaining supplier Shellen Security would supply doorsets of their own manufacture. There is significant concern that the Shellen doorsets would not offer the level of performance required by the City. The recent MHCLG assessment¹ of the Shellen FD30 doorset resulted in a failure of the door handle at the 30 min mark. It is therefore not proposed to consider further the appointment of Shellen Security or the utilisation of Shellen manufactured doors for this contract.

Options

8. Option 1 – Direct Award to Gerda Security Holdings

As detailed above, the Hyde Frameworks offers a Direct Award facility whereby contracting clients can award work directly based on ranking, similarity to previous projects, previous involvement or urgency. It is proposed to approach the number one ranked supplier, Gerda Security Holdings, via the framework for a fully costed estimate for the City's package of work with a view to an appointment subject to compliance with the existing budgetary constraints of the project as approved at Gateway 1-4. This is the recommended option.

¹ <https://www.gov.uk/government/publications/fire-door-testing-timber-fire-door-test-results>

9. Option 2 – Mini Competition between contractors supplying the Gerda doorsets.

Alternately, the suppliers selected for the framework could be engaged in a mini-competition. Contractors would bid for the works as per a standard closed tender exercise but would not be able to submit unit costs in excess of those stated within their qualifying Schedule of Rates approved on selection for the framework. If possible, Shellen Security would be excluded at this stage due to concerns about the performance of their products, but this is to be confirmed. This option is not recommended.

Proposals

10. There are clear and significant benefits in pursuing Option 1 and appointing Gerda directly to deliver the Fire Door Replacement Programme. As they would fill the roles of both supplier and manufacturer there are significant cost savings to be realised as any third party price mark ups would be eliminated. Comparing the total cost of the SOR bundle with that of the next best priced supplier of Gerda doors sees a 25% increase. Comparing the rates supplied for the supply and fitting of the same individual doorsets sees a saving, again when comparing a direct Gerda appointment to the next best priced supplier, in the region of £250 per doorset. With the City intending to purchase the supply and fit of an estimated 3,200 doors there is a potential saving of up to £800,000 on the physical doorsets alone.

A mini-competition would offer the opportunity of the lower ranked contractors to discount their tendered maximum SOR sums but it is thought extremely unlikely that any discount offered would even approach parity with the rates quoted by Gerda considering the extent of the current variance.

A direct award is also the quickest route to delivery. This project is critical in enhancing fire safety on the City's housing estates. With a direct award time spent in the procurement phase would be minimised and works could therefore be programmed to commence at the higher risk locations without undue delay.

Option 1 has the support of Randall Anderson, Chairman DCCS Grand Committee and the Director of Community and Children's Services.

Implications

11. Due Diligence on the Hyde Framework has been carried out by the City Solicitor confirming that the framework is fully compliant with current EU and UK Procurement Legislation.
12. There is risk in running the entire programme through one supplier in terms of stretching their resource capacity, however in this instance it is anticipated that Gerda, whilst supplying a uniform product range, would utilise different approved installers across the City's housing estates in order to deliver the programme within

acceptable timeframes. As the other suppliers on the framework would be also sourcing the supply of doorsets from Gerda's manufactory there is no increased risk of supply chain issues if appointing Gerda directly. Indeed, such risk could be argued to decrease as the City would be in a direct contractual arrangement with the manufacturer rather than a relationship mediated via a third party contractor. Such an arrangement would also significantly reduce the risk associated with supplier blaming the installer and vice versa in the event of any issues as ultimately responsibility would lie solely with Gerda.

Conclusion

13. Lot 1 of the Hyde Fire Safety Framework presents a time efficient route to market and access to the high specification products and expertise required for the City's £9.1m Fire Door Replacement Programme. The six suppliers selected for Lot 1 have already passed through a rigorous and fully compliant competitive selection process. An opportunity, via the frameworks Direct Award mechanism, exists to appoint the number 1 ranked contractor, Gerda Security Holdings. The fire doors manufactured by Gerda are market leading with four of the five remaining contractors on the framework also proposing to supply the same Gerda doors albeit at a mark-up. There are significant savings to be realised therefore via the direct appointment of the combined manufacturer/installer when compared to sourcing the same doors via a third party. A direct award would minimise time spent in the procurement phase and would allow this safety critical project to be delivered with no undue delay with assurance that the high specification products required by the City would be supplied and installed directly by the manufacturer. This approach has the full support of the Chairman of DCCS Grand Committee and the Director of Community and Children's Services.

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