

Report for: Cabinet

Date of Meeting:	21 October 2021
Subject:	Security, Health & Safety Compliance – Homesafe works request for additional budget
Key Decision:	Yes - approval to increase the budget for the Homesafe works to that already approved by Cabinet by £1.6m.
Responsible Officer:	Julian Higson - Divisional Director of Housing Services
Portfolio Holder:	Councillor Philip O'Dell - Portfolio Holder for Housing; Councillor Natasha Proctor - Deputy Leader and Portfolio Holder for Finance and Resources.
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All Wards
Enclosures:	None

Section 1 – Summary and Recommendations

1.1 This report seeks Cabinet's authority to increase the budget and go to the market to deliver the 3rd phase of the Homesafe Programme which delivers security, and health & safety compliance works for priority tenanted and leaseholder flats and block common parts. We intend to let a 66-week contract spanning the next 2-years 2021-2022 and 2022-2023 on the HRA Housing Capital Programme.

1.2 Cabinet approved a budget of £2.4m for the Programme on 19th March 2020 Programme, but since then the Planned Investment team has increased the scope of the Programme and included a larger number of priority flats and blocks and an increased scope of works.

1.3 This report requests Cabinet approval for the additional budget of £1.6m to bring the total budget to £4m which will incorporate the increased volume and scope of works in the enhanced Programme. This will improve the safety and security of more properties than originally planned.

Recommendations:

Cabinet to:

1. Approve the increase to the current Programme budget of £2.4m by an additional £1.6m to a new total budget of £4,000,000, funded from HRA capital resources in financial years 21/22 and 22/23.
2. Approve the commencement of a procurement process to identify a suitable provider to deliver the enhanced Programme.
3. Delegate authority to the Corporate Director for Community, following consultation with the Portfolio Holders for Housing and Finance and Resources, to award a contract to the Most Economically Advantageous Tender following the completion of a compliant procurement process.
4. Delegate authority to the Corporate Director for Community, following consultation with the Portfolio Holders for Housing and Finance and Resources, to issue a Letter of Intent to the successful tenderer to carry out pre contract surveys and to order materials with expected long lead-in times for delivery.

Reason: (for recommendations): -

Due to the increased estimated Programme value requires Cabinet approval for the additional budget to comply with the Council's Contract Procedure Rules and Financial Regulations.

Section 2 – Report

2.0 Introduction

The Housing Capital budget approved at Cabinet on the 19th March 2020 for Homesafe-3 Programme was up to £2,400,000. The additional budget required for the delivery of the enhanced Programme is £1.6m which will cover a greater number of flats and blocks that were not identified as part of the original Programme. This would increase the overall Programme budget from £2,400,000 already approved by Cabinet to £4,000,000 as per recommendation 1.

The Programme budget will include the full tendered sum, a contingency sum, associated pre start works, consultancy costs, and capitalised staffing costs.

An increased budget will ensure a full comprehensive security, and health and safety compliance Programme is delivered to 434 flats contained within 65 blocks across the borough. This will also allow officers to make more homes and blocks safer and more secure than originally planned. This will also save time and internal costs for the future procurement of works to these homes and blocks by including them in this enhanced Programme now.

2.1 Options Considered

The procurement options considered were as follows:

a) Commence an open tender and award to one contractor:

Engaging in an open tender would allow for wider competition. This would be subject to statutory Section 20 leaseholder consultation and will allow us to recover a proportion of the costs of the works from leaseholders.

b) Reducing the scope of works but retaining all 65 blocks:

This would reduce the specification of works to cover just essential compliance and block security and associated works only. While this would not impact on critical fire safety it would impact on bringing forward vital security improvements such as some communal entrance doors replacements and level access approaches and the FD30S certification of all fire store doorsets on the protected escape routes.

- Deferring entrance door replacement needing replacement now would compromise block and resident's security and increase maintenance in the short term until they could be replaced on a future programme. The door entry systems across the borough are obsolete, repairs may not be possible should they fail, as is the situation for some blocks in the borough, leaving blocks without security until replacement.

- Level access is Council policy and embraces diversity for residents and their visitor's. Omission of these works avoids Harrow's responsibility to address these issues where they can be reasonably achieved.

c) Omission of Blocks

The tender will contain compliance and security works to 434 flats in 65 blocks and entrances. To make additional savings over and above the 'Schedule of Reductions' in b) above or remove blocks only without reductions in specification would require the omission of at least 19 priority blocks to scale back the scheme to the originally approved budget of £2.4m.

All the blocks to be tendered under the Security and Compliance Homesafe-3 Programme have been identified as priority blocks in terms of fire compliance, safety, and security. Officers' opinion is that these works are a priority, and they would like to ensure that more homes are completed sooner for these priority safety and security works. The procurement of a contract for the enhanced Programme of works provides the Council with the opportunity to do this. Failure to deliver the whole programme could result in the deterioration of block security and.

2.1.1 Conclusion: *from the options considered above:*

Option **a)** is recommended as:

- This will ensure we complete the full Programme of works.
- Open tender will invite competitive prices, and provide a quicker route to market
- This will mean more homes will be made safer sooner from fire and electrical risks and benefit from increased block security measures such as the new video door entry systems protecting homes and personal safety.
- This will be achieved within the next two financial years and within the existing 3-year HRA programmed budgets.
- It will reduce reactive maintenance costs on these blocks.
- Give opportunity to explore a joint procurement exercise with other departments in the council who will be carrying out similar compliance works i.e. Fire Door installation in schools

A proportion of costs from the leaseholders under statutory Section 20 leaseholder consultation will be recovered. Option a) is the recommended and preferred option.

2.2 Background

This Homesafe-3 Programme is the next phase of Fire Safety and Security works following on from Homesafe-1 and Homesafe-2.

Homesafe-3 is to be funded within the HRA Housing Capital Programme for years 2021/22 and 2022/23. These works are essential to increase block

security and improve fire safety and compliance and will contribute to the housing stock maintenance of 65 blocks.

This Programme will deliver the installation of:

- Replacement of all flat front doors and stores with certified FD30S fire rated door sets within the means of escape to all blocks
- Landlord's emergency lighting systems
- Communal lighting, and rewiring
- Replacement of obsolete/broken front/rear entrance doors/screens or gated entry as appropriate where required
- Upgrade obsolete door entry intercom systems with video door entry
- Installation of cloud based self-reporting smart LD2 fire and CO alarm detection systems to all flats, regardless of tenure.

This Programme will be delivered to 65 blocks spread across the borough.

The result will be improved security through 24-hour block access control with camera visitor entry display, improved entrance door/screens and level access approach for residents and visitors with disabilities or prams etc to meet the requirements of the Equality Act 2010. The installation of communal areas emergency lighting and re-wiring, system alarm detection in flats together with service duct fire compartmentalisation to common parts circulation and roof voids where required together with associated works will serve to decrease the fire loading of these blocks through improved passive fire protection improving survival rates in the event of a fire

2.2.1 Current Situation

Additional budget approval of £1.6m will be required above the already approved £2.4m to incorporate all the blocks tendered together with the associated preparation works and surveys, consultant input, and staffing costs. This project includes 434 flats contained within 65 blocks, the contract duration is 66-weeks and is expected to run over 2 fiscal years and be completed early 2023.

2.2.2 Why a Change is Needed

The change from the original cabinet approval is needed to enable the Council to deliver the larger, all-encompassing security, and health and safety compliance programme on more priority flats and blocks across the borough which have been identified from Fire Risk Assessments (FRA's) since the submission of the original cabinet report.

2.3 Implications of the Recommendation

2.3.1 Considerations

The recommendation will require an increased budget to proceed to deliver more works to more priority blocks improving the security and safety of more of our residents' homes earlier.

2.3.2 Resources, Costs:

There are 85 more flats and 19 more blocks within the Homesafe-3 Programme in comparison to Homesafe-2 programme. The Homesafe Programmes naturally prioritise fire safety works and the blocks in the Homesafe-3 Programme have generated significantly more works. Based on risk, the approach is to tackle the borough's highest storey blocks first. The specification of the scope of works is broadly the same as Homesafe-2, but Homesafe-3 blocks are in generally poorer condition in terms of communal entrances and blocks are of different layouts to the Homesafe-2 programme on which the original HRA budget was based.

In addition to many more properties the poorer condition necessitates proportionally more new entrance doors/screens replacements and bin storage relocation works together with the decommissioning of refuse chutes and associated fire compartmentalisation. This additional work has impacted on the overall scheme costs meaning that the approved budget allocation of £2.4m needs to be increased. To address the fire and safety issues to a larger number of homes and blocks and provide many safer homes earlier, we this will require more finance.

The contract will be procured via an open market tender process and published on the London Tenders Portal. The external resources required for this project will be asbestos and CDM Consultants, Principal Contractor, and sub-contractors. The actual costs associated with the Programme will be determined by the actual tenders received. Evaluation of tenders will be based on financial, quality, and social value and thus may not result in the lowest priced tenderer winning. However, the market for this nature of works is saturated as all UK landlords look to purchase similar works from suitably qualified contractors following the Grenfell Tower fire disaster.

The scope of the works specification covers the compliance works and no allowance is made for decorations and new floorings to common parts etc, as under the Homesafe-2 contact, but focuses on essential safety compliance and security works. The scope overall remains similar but has evolved to include the following: -

- Emergency lighting systems are now smart cloud based with self-reporting facilities since Homesafe-2 which reduces ongoing monthly maintenance significantly throughout product lifespan but increases installation capital costs.
- Alarm detection to flats now includes additional hardware (piloted in Homesafe-2)
- Fire FD30S doorsets:

- Includes for both additional fire frames above and to the side of flat front door FD30S doorsets (fanlights and sidelights) within the Homesafe-3 specification.
- Resident and landlord store FD30S doorsets are included where applicable in Homesafe-3 tender when previously they were not and were dealt with by additions/variations to Homesafe-2 contract thus potentially increasing tender costs.
- Main Entrance screens/doors:
 - There is no medium-term refurbishment solution opportunity for many entrance screens/doors (73No) in the Homesafe-3 blocks which are in worse condition overall than Homesafe-2 (26No) and therefore need replacement with new at much greater cost than refurbishment.

2.3.3 Staffing/workforce:

Pre-contract: The enabling works for this contract i.e. asbestos surveys, Landlords electrical supplies upgrades and utilities works is 75% completed for the 65 blocks. The in-house Project Manager will manage these until completion.

Main Contract: The in-house Project Manager will manage all the stages within the procurement cycle (including Leaseholders statutory notification) to ensure a quality product is delivered.

Post Contract: The Project Manager will manage the Clerk of Works and other agencies to ensure delivery to programme and quality of installed product and will resolve any issues that could occur as they arise. Prior to the start of the project the Council's fire audit tool will be will completed with the scope of works and signed off by a qualified Fire Risk assessor.

2.4 Ward Councillors' Comments

We will have an active consultation programme with all councillors generally but specifically councillors where works are taking place within their wards to provide information and inform on the delivery of the programme.

This Programme will be discussed with the Portfolio Holder for Housing, and the Portfolio holder for Finance & Resources. The Programme is boroughwide, and information will be made available to all members via the reports that are discussed at H&S board.

In addition, resident consultation will take place, as the Programme evolves ahead of the start of site works which is to be issued based on previous Cabinet authority. Consultation includes statutory Section 20 leaseholder consultation in relation to Leaseholders. Resident consultation will be held at intervals with surgeries as the programme extends across the borough.

2.5 Performance Issues

The successful contractor will be managed effectively from mobilisation. Performance statistics will be reviewed monthly and monitored through a combination of regular site visits and formal meetings, together with monthly evaluations identifying financial and quantity delivery. Project Management Meetings also take place every month to monitor and manage delivery. This data is also reported to Corporate Director level via the Corporate Project Monitoring process so that there is a wider awareness of the Programme status at any given time.

The Contract will provide 12-months Defects Liability Period from date of installation. The emergency Lighting to block Common Parts areas will be covered by warranty for the first 5-years (4 additional years after the expiration of the Defects Liability Period). The manufacturer will need to be added to the Response Maintenance approved contractor list to carry out non-warranty works. This will then form part of our ongoing maintenance programme. The emergency Lighting Systems will be Smart Cloud based enabling remote analysis of the installations. The systems will monitor the lighting systems to the British Standard testing regimes and report outcomes on a monthly and annual basis thus largely negating staff and contractor input and site attendance to drive down ongoing cyclical maintenance costs.

Alarm detection D1 LD2^D systems and CO detection is the new installation standard to all housing stock. These installations will be monitored via the Cloud allowing dynamic remote interrogation/reporting and real-time monitoring of tampering, defaults, and emergency alerts.

The video door entry security will also be cloud based enabling remote programming of key fobs to assist in controlling block security thus reducing the risks of fobs entering circulation to non-residents and gangs.

All the above cloud-based safety systems will reduce reactive maintenance resourcing, resulting from lower contractor attendance and staff time/salary costs.

In addition, we intend to form monthly project groups, inviting residents and members to support the management and monitoring of these schemes throughout their implementation virtually.

2.6 Environmental Implications

It is the intention that the delivery of any contract will contribute to the Council's objectives around social, economic, and environmental sustainability. We want to do all we can to ensure that we support Harrow's economy by buying locally wherever practical and maximise opportunities for local people in employment and training. The project will ensure that tenders provide detailed information about their contribution to the environment and sustainability. We also require bidders to sign up to the Considerate Contractor Scheme.

Specific requirements on social, economic, and environmental matters will vary according to the value and duration of each contract and will be part of the pre-tender procurement documentation for inclusion in the online tender portal.

2.6 Data Protection Implications

All personal data processed in connection with the contract will be carried out in full compliance with data protection laws including the Data Protection Act 2018 and GDPR, and the contract will contain appropriate data protection clauses.

2.8 Risk Management Implications

2.8.1 Risk included on Directorate risk register? **Yes,**

2.8.2 Separate risk register in place? **Yes**

2.8.3 The relevant risks contained in the register are attached/summarised below: -

- The following key risks should be considered when agreeing the recommendations in this report.

Table-1		
Risk Description	Mitigations	RAG Status
Specific risks that are currently unknown arising upon project commencement	<p>A risk register specific for this procurement will be started from the outset of the process and will be maintained and reviewed by all relevant staff regularly. The assigned Project Manager and Housing Asset Management team will ensure there is a risk register in place from programme brief onwards.</p> <p>Specific risks will be monitored and managed on the project as it moves forward. The aim of risk management is to identify business risks and effectively manage them.</p>	Amber
Lack of full recovery of Leasehold S20 costs	Ensuring a fully audited Section 20 consultation process takes place and a robust recovery process is implemented by the Leasehold Services team	Amber
VFM not achieved for project. With reduced capital investment there is a drive to maximise efficiencies	Engage in a competitive tender process with analysis on quality and price. Specification will test open market in terms of materials and supplies for contract. Minimise specified products on the market. A performance specification will be part of the ITT and suppliers are able to put forward alternative products with the contract administrator's approval.	Amber
Risk of not being able to attract specialist contractors during procurement of contract – specialist contractors required for the project success	By tendering to the 'Open Market tender' and listing the elements of work specific to the project in the ITT a compliance works contractor will be sourced. Contractor will be experience and have knowledge in delivering this area of work.	Green
Delays in project – Access issues and Covid 19 restrictions and working with vulnerable tenants	<p>Outcome of any resurgence of Covid19 restrictions and impact on the industry remain uncertain. This will be reviewed on a regular basis to monitor performance cost impact.</p> <p>Given the unknown vulnerability of this resident group, the Council will always insist on Covid safe procedures and PPE regardless of the lessening national procedures.</p>	Red
Materials Shortages and Delivery issues	Materials delay will risk a claim by the contractor for extension(s) of time to the contract increasing contract costs and requiring more budget. Placing an order (letter of intent) for surveys and pre ordering of materials will assist in reducing delays to the contract and the risks of Extensions of time.	Red
Fire safety compliance risk if project does not go ahead	<p>Rephase and target speedy delivery by splitting HomeSafe project into constituent elements for delivery (Fire Doors, Emergency Lighting, Compartmentation, Alarms)</p> <p>This provides the opportunity to work with specialist contractors (not sub-contractors) on a Just-In-Time basis that addresses the various priorities currently packaged under HomeSafe.</p> <p>Efficient budget management through the procurement and delivery of dedicated projects that operate on an elemental basis, as opposed to a communal works package.</p>	Red
Resident safety compromised if project does not go ahead	Security works will be split by priority, with priority 1 items being dealt with through responsive repairs such as referrals due to ASB or critical elements of disrepair to communal doors (capitalised where necessary). Priority 2 blocks will be phased into a separate dedicated programme of communal door works commencing 2022/23. These priority 2 blocks were due a specification upgrade based on the previous Better Homes Standard,	Red

	which has since been replaced by the Just-in-Time methodology (part of the current asset management strategy). i.e. there are no specific security concerns which amount to a failure of compliance or existing legislation, rather, they were part of a Borough wide standard and programme to improve security across blocks and estates.	
Risk of additional costs for decoration/flooring as a result of these works.	Any immediate H&S works identified on site will be managed by variation to the contract to rectify any issues. Further to the above, a new Planned Preventative Maintenance programme commencing 2022/23 will deal with revenue-led items such as communal decorations across the common-part spaces identified in HomeSafe programme.	Red

2.9. Procurement Implications

On approval to commence a tender exercise as per recommendation number 2, the procurement team will work with colleagues from the service area to prepare an Invitation to Tender and use an open market procurement route as permitted by the Public Contract Regulations 2015.

This procurement route will generate competition in the market to deliver this service and ensure we have maximised the chances of creating competition for this work and getting the best possible quality and value outcome. Opportunities will arise for procurement to be jointly undertaken with the Estates commercial procurement for fire doors.

We will award to the Most Economically Advantageous Tender and that this process is conducted compliant to the Public Contract Regulations and our own Contract Procedure Rules.

2.10 Legal Implications

2.10.1 On 19 March 2020 Cabinet resolved that:

(1) the Divisional Director of Housing be authorised to undertake a procurement process for a contractor or contractors to deliver a variety of Security, H&S Compliance & common parts works, including fire safety works as part of general improvements to the safety of HRA dwelling stock, funded entirely from HRA Capital resources in financial years 2020 and 2021 (rolling over into year 2022);

(2) the Corporate Director of Community be authorised, following consultation with the Portfolio Holder for Housing and the Portfolio Holder for Finance and Resources, together with the Director of Finance, to enter into the procurement and implementation of the contract(s) to the value specified in the capital programme [up to £2.4m].

2.10.2 The Council's Contract Procedure Rules and Financial Regulations require that procurement of goods, services, or works with a value over

£500,000 must obtain cabinet approval. Although cabinet previously approved the procurement of Homesafe works up to £2.4m, the additional works and value of up to £1.6m require further cabinet approval.

2.10.3 The works are below the financial threshold above which The Public Contracts Regulations 2015 apply, so the council does not need to advertise on Find a Tender and can procure via the London Tenders Portal only.

2.10.4 The Council also has a statutory duty under Section 20 of the Landlord and Tenant Act 1985 as amended by the Commonhold and Leasehold Reform Act 2002 and The Service Charges (Consultation Requirements) (England) Regulations 2003 to undertake a two stage consultation with leaseholders whose homes will be included on the Programme and who will subsequently be charged a proportion of the costs incurred. Stage 1 Consultation will take place following Cabinet approval is granted.

2.10.5 Legal Services will support the drafting and execution of the contract with the successful tenderer.

2.11 Financial Implications

2.11.1 The total capital cost and funding for current and future years of Homesafe-3 is set out in the table below: -

2.11 Table-1 Finance				
Project Approvals	Status	Budget	Spend 2021-22	Spend 2022-23
		£	£	£
Cabinet Approved	19-Mar-20	2,400,000	2,400,000	0
Cabinet Request	21-Oct-21	1,600,000	0	1,600,000
Estimated slippage c/fwd			-1,400,000	1,400,000
	Total	4,000,000	1,000,000	3,000,000

2.11.2 The 2021/22 HRA Planned Investment Budget for Capital contains sufficient funding for the £2.4m approved by Cabinet in March 2020 for the Homesafe-3 scheme as detailed in item 2.11 Table 1 above. The additional £1.6m expenditure identified within this report can be contained within the current HRA Planned Investment Capital Budget for 2022/23 of £5.895m approved by Council in February 2021 with no impact on General Fund and no requirement for additional borrowing.

The estimated £4.0m budget is inclusive of the tendered sum, contingency, associated pre-start works, consultancy costs, and capitalised staffing costs.

2.11.3 The tender documents will include a requirement to pay the London living Wage (LLW).

2.11.4 Works will be subject to VAT which will be reclaimed from Customs and Excise.

2.11.5 A proportion of the contract costs will be recharged to Leaseholders under Statutory Section 20 procedures.

2.12. Equalities Implications / Public Sector Equality Duty

2.12.1 The procurement exercise will be designed to deliver existing policies and strategies maintaining the current level of equality in service provision. The contract specification will be very clear on the equalities related duties on contractors, given the wide range of needs of our customers.

2.12.2 An initial Equality Impact Assessment has been prepared specifically for the procurement exercise. This identified no need for a full assessment at this stage because it did not identify any potential for unlawful conduct or disproportionate impact. All opportunities to address diversity-particularly vulnerability for all tenants and will be addressed through the contract specification and ensure residents receive the same service regardless of but taking into account specific needs. We will address these in our tendering documents and processes. The assessment will be updated as the contract moves forward.

2.13. Council Priorities

Improving the environment and addressing climate change

The procurement of this contract will expect the incumbent contractors to agree on ways to implement relevant measures in response to the Council's declared Climate Emergency.

Building homes and infrastructure

This contract provides vital safety and security infrastructure such as communal and flat fire doors, compartmentation and door security measures.

Addressing health and social care inequality

The procured contractor will deliver existing policies and strategies maintaining the current level of equality in service provision. The contract specification will be very clear on the equalities related duties on contractors, given the wide range of needs of our customers. The

specification for the contract will ensure that the successful contractor is equipped to provide a high level of customer service to all our residents.

Thriving economy

The Council's tender exercise will need to demonstrate that any potential contractors are proactively engaging with Harrow Council's Community Engagement strategy, and their financial commitment will help to drive and deliver meaningful social value initiatives across the borough. The tender evaluation criteria includes measuring potential contractors on their Social Value offering including training and apprenticeships and employing local people and using local supply chains.

Section 3 - Statutory Officer Clearance

Statutory Officer: Tasleem Kazmi

Signed on behalf of the Chief Financial Officer

Date: 7th October 2021

Statutory Officer: Stephen Dorrian

Signed on behalf of the Monitoring Officer

Date: 6th October 2021

Chief Officer: Dipti Patel

Signed off by the Corporate Director, Community

Date: 7th October 2021

Head of Procurement: Nimesh Mehta

Signed off by the Head of Procurement

Date: 7th October 2021

Head of Internal Audit: Susan Dixon

Signed off by the Head of Internal Audit

Date: 8th October 2021

Mandatory Checks

Ward Councillors notified: NO, as it impacts on all Wards

EqIA carried out: YES - An overarching

EqIA was undertaken for the programme Directorate Equality Task Group.

EqIA cleared by: (DETG) Chair

Section 4 - Contact Details and Background Papers

Contact: Mark Crodden, Project Manager Housing Asset Management, Direct Telephone No. 07714 182057 and Email mark.crodden@harrow.gov.uk

Background Papers: None

Call-in waived by the Chair of Overview and Scrutiny Committee

NO