

## London Borough of Hammersmith & Fulham

**Report to:** Cabinet Member Housing

**Date:** 19 August 2020

**Subject:** Modernisation of eight passenger lifts serving Charecroft estate (Woodford Court Lifts A&B; Roseford Court Lifts A&B; Shepherds Court Lifts A&B; Bush Court Lifts A&B)

**Report of:** Richard Buckley, Assistant Director, Property and Compliance, Economy Department

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### Summary

This report seeks approval to let a contract to undertake lift modernisation works which the council has committed to deliver as part of the Asset Management Compliance Strategy and Capital Programme approved at 1st July Cabinet.

### Recommendations

1. That appendices 1 and 2 of this report are exempt from disclosure on the grounds that they contain information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
2. Approves the appointment of Amalgamated Lifts Limited to undertake lift modernisation works to the properties listed in this report for a sum of £2,594,000.00. The project is expected to start on site on the 11<sup>th</sup> January 2021 with a site completion date of 19th December 2022.
3. Approves the appointment of a full-time dedicated Resident Liaison officer on a fixed term contract of two years at an estimated cost of £97,000. This post will be funded from existing HRA budgets.

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**Wards Affected:** Addison

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H & F Priorities	Summary of how this report aligns to the H&F Priorities
Creating a compassionate council	It is recognised that lift modernisation causes significant disruption to residents,

	particularly the elderly, disabled and those with young children. Provisions are made within the contract to minimise this inconvenience by ensuring one lift is available in each block at all times, and by providing a dedicated resident liaison officer to offer additional help to vulnerable residents.
Doing things with local residents, not to them	Residents have been fully consulted on the scheme
Being ruthlessly financially efficient	The project has been competitively tendered and awarded on the basis of most economically advantageous tender.
Taking pride in H&F	The evaluation criteria required contractors to give details of their approach to energy consumption, use of sustainable materials, transport plan, site waste management, and noise pollution.

## Financial Impact

The latest HRA Asset Management Compliance Strategy and Capital Programme budget approved by Cabinet on 6 July 2020 includes a specific budget set aside for the lift modernisation and ancillary works at Charecroft estate. This budget is sufficient to fund a contract value of £2,594,000 and subject to the required procurement decisions can accommodate the estimated £150,000 ancillary works contract cost Any remaining capital budget is required to be allocated to other as yet unfunded compliance works.

The revenue funding required for the Resident Liaison Officer post will come from existing budgets.

Appendix 2 sets out the estimated value of works recoverable from Leaseholders. These values are in line with the funding assumptions that underpin the HRA Asset Management Compliance Strategy and Capital Programme budget.

A credit report was produced for Amalgamated Lifts Limited via Creditsafe on 6 August 2020. As at the date of CreditSafe's last company report (17 July 2020), they had a score of 48 out of 100 which is deemed as a moderate risk. The council's usual requirement for such contracts is a score of 51 or above which is deemed as low risk, however in consultation with the Lift Contracts and Compliance manager on balance this should not prevent this appointment which as a consequence would delay the delivery of these works. This conclusion was based on the following considerations:

- Amalgamated Lifts Limited are currently completing a lift capital works contract for the council and they are considered to be performing well as outlined in sections 1.11 and 1.12.

- Their average turnover of the last two years is £14 million which is in excess of the councils requirement of double the contract value. The CreditSafe suggested annual contract limit is £1.2 million which is only marginally below the expected £1.3m annual value of the proposed contract. This suggests they have the capacity to deliver a contract of this size.
- A score of 48 for CreditSafe is considered as moderate risk and only marginally off being considered low risk (51 or above). An analysis of the metrics behind the score reveals that their score of 48 reflects a likelihood of failure of 0.83% or 117:1. Furthermore all of their scores over the past two years have been classified as low or very low risk which indicates a strong financial track record.
- Amalgamated Lifts Limited have recorded an operating profit in each of the three years they have had to disclose full accounts and their pre-tax profit figure shows a positive profit and healthy retained earnings for the latest trading period.

## **Legal Implications**

- The report recommends the award of a contract with a total value of £2,594,000.00. The contract would be for the provision of lift modernisation works to the properties listed in this report.
- The value of the contract falls below the current EU threshold for works of £4,733,252 under the Public Contracts Regulations 2015 ('PCR'), therefore the provisions under the PCR do not apply in full.
- Under CSO 16.1 contracts over the Services Threshold of £189,330 are considered a High Value Contract. In accordance with CSO 19.1 the contract must be awarded where a Framework is not appropriate by either a single-stage (open) Tender procedure or two-stage (with pre-qualification stage). The Council has complied with this requirement as the Council has run an Open Procedure process to procure the contract. The relevant Cabinet Member shall approve this award report (CSO 21.1) following submission of this report to the Contracts Assurance Board under CSO 21.5.
- The tender documentation included award criteria which were applied to determine the most economically advantageous tenderer ("MEAT"). Therefore, the Cabinet Member needs to be satisfied on the information in the public and exempt elements of the overall report that the recommended award is in accordance with the MEAT requirement.
- Further, it is a requirement of CSO 19.2 that a Contract which involves works to housing premises where the Council could make recovery of costs from leaseholders pursuant to s20 of the Landlord and Tenant Act 1985 the rights of the leaseholders must be taken into account when considering the competition for the works. Section 6 (Consultation) of this Report confirms that there has been ongoing consultation with the relevant leaseholders conducted.

- As the procurement is not subject to the full remit of the EU procurement rules, it is not necessary to follow a formal standstill process, however the report confirms that a voluntary standstill period will be held.
- The tender was issued with a draft contract and will be entered into on those terms prior to the commencement date of the Contract (CSO 21.9). In accordance with CSO 21.10, an electronic copy of the completed contract must be uploaded to the Contracts Register with a copy of this award report.
- A contract award notice must be published in the Official Journal of the European Union within 30 days of award of the contract and Contracts Finder 24 hours thereafter.

*Implications verified/completed by: Radhika Devesher, Associate at Sharpe Pritchard Solicitors on secondment to the Council [rdevesher@sharpepritchard.co.uk](mailto:rdevesher@sharpepritchard.co.uk)*

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**Background Papers Used in Preparing This Report - none**

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## **DETAILED ANALYSIS**

### **Proposals and Analysis of Options**

1. These works need to be undertaken because major components of the existing equipment associated with each lift are obsolete, with many parts having passed their economical useable life span of 25 years, resulting in an increased risk of lift breakdowns. Further, in the event of breakdown, the components required for maintaining these lifts are increasingly difficult to obtain as they are not readily available from the respective manufacturers with some having to be made to order. This can result in prolonged delays to return lifts to working order.
2. This tendering exercise has been carried out following an analysis of procurement options which were considered in procurement strategy approved by Cabinet on the 8<sup>th</sup> October 2018.

### **Property**

3. Charecroft estate was completed in 1970 and provides 430 homes in four twenty storey tower blocks overlooking Shepherds Bush Green. Shepherds Court and Bush Court are situated above the W12 Shopping Centre and are leased by the Council from freeholders Land Securities Ltd. Roseford Court and Woodford Court are respectively above a petrol station and car park and leased from Anston Investments Limited.

### **Proposed Works**

4. The works include the dismantling and removal of the existing lift installations within each block, including the main drive units, control systems, lifts cars, landing equipment, associated wiring, and the installation of new modern equipment that can be supported for the foreseeable future.
5. The new lifts will be installed up to the capabilities of the building with regards to the provision of meeting EN81-72 regulations, however after discussing at various levels, it was agreed that provision of secondary power in the event of blackout or fire and the provision of contaminated water extraction will be put in place. This will enable the lifts to be used by LFB and to be switched over during power failures ensuring good reliable service for residents.
6. The new equipment selected is more energy efficient than the existing. The new drive machines come with variable frequency motors, the proposed new lifts control systems are equipped with Eco-friendly facilities, which at given times shut down unwanted circuits, such as car lighting, fans and power factors, which will all resume back to normal functions upon call demand, thus saving energy usage.
7. Associated equipment such as Elevator Monitoring Units (EMUs) to enable remote monitoring of performance and early detection of faults, automatic phone call system used in the case of emergencies will be upgraded as

necessary. The contract also allows for the installation of new CCTV in lift cars, linked to the Council's central control room. The blocks are already served by information display panels in lobby areas.

## Tender Process

8. The procurement has been undertaken in accordance with Contract Standing Orders using the Open Procedure. An invitation to tender was published on Contracts Finder and Capital esourcing portal on 16th December 2019 with an original closing date for receipt of tenders of 27th January 2020, extended to 3<sup>rd</sup> February 2020. Evaluation was undertaken using the most economically advantageous tender (MEAT) criterion with a weighting of 60% to qualitative and technical aspects of the tender submission and 40% to price.
9. The tender evaluation process was protracted for various reasons. Initially officers had to deal with a challenge from a late bidder before the process could begin and subsequently the Covid-19 pandemic diverted resources to maintaining essential services and progressing existing works contracts. On progressing the evaluation, it was evident that several suppliers had either submitted clarifications on their bids or chosen to exclude certain requirements of the specification. Officers conducted further discussions with Building Control and the London Fire Brigade to determine whether these modifications were acceptable or would compromise the aim of maximising the firefighting capabilities of each lift. Ultimately officers stood by the specification as published and wrote to all suppliers seeking assurances that their bids complied with the specification. Three suppliers confirmed that their bids did not comply with the specification and in accordance with the ITT the tenders were rejected as non-compliant. A further supplier did not respond to the clarification request and after a subsequent request was also ignored, their bid was also rejected as non-compliant.
10. The second stage of the tender process required the technical and commercial evaluation of all valid tenders. The table below sets out the scores achieved by each supplier as assessed by the evaluation panel.

Tender Appraisal							
Overall Ranking	Contractor	Value of tender	Price Score	Price Rank	Quality Score	Quality Rank	Total Score (weighted)
1 <sup>st</sup>	Amalgamated Lift Services	£2,594,000	100.00	1 <sup>st</sup>	78.51	1 <sup>st</sup>	87.11
2 <sup>nd</sup>	Tenderer 2	£3,261,077	79.544	2 <sup>nd</sup>	74.02	2 <sup>nd</sup>	76.23
	Tenderer 3	Non-compliant tender					
	Tenderer 4	Non-compliant tender					
	Tenderer 5	Non-compliant tender					
	Tenderer 6	Non-compliant tender					

11. Based on the evaluation process carried out in accordance with the procurement strategy, officers recommend acceptance of the tender submitted by Amalgamated Lifts Limited. Independent of the evaluation process there is further assurance on this appointment as the council is currently in contract with Amalgamated Lifts Ltd to modernise eight passenger lifts across four housing sites for a contract sum of £1.221m. Amalgamated have performed well to date with no significant issues on site, and are delivering to programme with three lifts completed. The service team consider this to be particularly commendable given the potential disruptions caused by Covid-19.
12. Nonetheless it is acknowledged that certain mitigation steps will need to be taken in light of the low credit score. These will include close performance monitoring particularly in the pre-start phase, for example ensuring that design drawings are submitted in accordance with the delivery timetable and that materials are ordered and received in line with the programme requirements.
13. Operational contingency plans are in place should the contractor fail to deliver on this contract.

### **Funding and Cashflow**

14. This project is a pre-agreed scheme which the council has committed to deliver as part of the Asset Management Compliance Strategy and Capital Programme approved at 1<sup>st</sup> July 2019 Cabinet.
15. The budget contained within the Housing Capital Programme will be re-profiled to reflect the anticipated cash flow shown in 1.15 below. Amendments will be reported via the quarterly corporate capital monitor.
16. The anticipated cash flow of this project is as follows:

<b>Element</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>Total</b>
Works	£254,314	£1,322,431	£1,017,255	£2,594,000
Ancillary costs	£14,706	£76,471	£58,824	£150,000
RLO	£9,510	£49,451	£38,039	£97,000
<b>Total</b>	<b>£278,529</b>	<b>£1,448,353</b>	<b>£1,114,118</b>	<b>£2,841,000</b>

There is an additional funding requirement estimated at £150,000 for ancillary works to the buildings to ensure the new firefighting capabilities of the modernised lifts can be safely utilised. These works include changes to the mains building supply arrangements which must be done by UK Power Networks, and various building adaptations for water diversion expected to be undertaken by existing term contractors.

17. The anticipated Programme of Works for the project is as follows:

<b>Activity/Milestone</b>	<b>Estimated Date</b>
Issue section 20 notices	30 July 2020
Contracts Assurance Board	12 August 2020

Cabinet Member Meeting	21 August 2020
Expiry of section 20 notices	24 August 2020
Observations responded to	31 August 2020
Notification of award	1 September 2020
Standstill ends	11 September 2020
Contract Award	14 September 2020
Resident Consultation	November 2020
Start on site Roseford & Woodford lift A	January 2021
Completion Roseford & Woodford lift A	July 2021
Start on site Roseford & Woodford lift B	July 2021
Completion Roseford & Woodford lift B	December 2021
Start on site Shepherds & Bush lift A	January 2022
Completion Shepherds & Bush lift A	July 2022
Start on site Shepherds & Bush lift B	July 2022
Completion Shepherds & Bush lift B	December 2022

### Reasons for Decision

18. This project is one which the council has committed to deliver as part of the Asset Management Compliance Strategy and Capital Programme approved at 1st July Cabinet. The development of the programme has been guided by the principles of the strategy and priorities have been agreed by the Economy Department's Capital Board chaired by the Assistant Director of Operations.
19. The decision above is required to appoint the contractor to carry out the works required in these buildings.

### Equality Implications

20. It is anticipated the works will have a short-term negative impact on older people, wheelchair users, ambulant disabled people, pregnant women and people with very young children, as these groups are most reliant on lifts. Equally, these groups suffer most when breakdowns occur and the proposed works will ultimately reduce the frequency of such breakdowns.
21. To mitigate against any possible negative impact, lift engineers and the contractor will liaise closely with housing management to arrange assistance during lift downtimes for any residents with specific needs. A dedicated Resident Liaison Officer, employed directly by the Council, will be hired to assist residents as required (e.g. with shopping or pushchairs) and be the main contact for queries.

*Implications verified by: Fawad Bhatti, Social Inclusion Policy Manager, tel 07500 103617.*



## **Risk Management Implications**

22. In October 2017 the Council launched Fire Safety Plus. This committed the Council to achieve the highest possible standard of fire safety across its housing stock. The Fire Safety Plus made available £20 million of capital funding for fire safety testing and capital works which was agreed by Full Council on 18 October 2017. It set out our commitment to meet the aims:
- Do more than the minimum requirement to keep residents safe
  - Ensure that homes across Hammersmith and Fulham are safe and compliant
  - Undertake a thorough review of fire safety in all communal blocks
  - Organise a programme of work to install new fire doors, enhanced firefighting equipment, facilities and automated detection
23. Being ruthlessly financially efficient means that we must ensure value for money is being delivered is being achieved through the procurement process and the budget is reconciled back to the original Capital Programme report on 01<sup>st</sup> July 2019. Given that the works could present some risk of disruption to residents the expectation is that there will be a rigorous programme management approach in place to ensure that their needs and expectations are met throughout the works.
24. The evaluation process has concluded that the contractor has the necessary financial standing, insurances, and health and safety qualifications to complete this project.
25. Proposals made are in accordance with the Council's continuing ambition to improve fire safety and security for residents. Works should be undertaken in full consideration and application of HM Government, Health and Safety Executive, Public Health and Industry guidelines to maintain safe distancing at work and other measures to mitigate risks associated with Covid-19. Ensuring works of this nature happen will form a part of the recovery of the construction industry following the lockdown.

*Implications verified by: Michael Sloniowski, Risk Manager, tel 020 8753 2587, mobile 07768 252703.*

## **Business Implications**

26. This contract was tendered before H&F's Social Value Policy was agreed. The successful contractor has committed to sourcing supplies and services locally where possible. They have also demonstrated a track record of providing apprenticeships, work experience opportunities and career guidance in areas where they are working. As this is a two-year contract we would recommend that the contract managers consider asking the successful tenderer to adopt the Social Value Portal reporting and monitoring tool.

*Implications verified by: Kamal Motalib, Head of Economic Development, tel, 07773353914.*

### **ICT implications**

27. Digital Implications: No Digital implications are considered to arise from the proposal in this report.
28. IM implications: A Privacy Impact Assessment should be carried out to ensure that all the potential data protection risks associated with these works are properly assessed with mitigating actions agreed and implemented.
29. The contract with Amalgamated Lifts Limited will need to include H&F's data protection and processing schedule – which is compliant with Data Protection law (the General Data Protection Regulation (GDPR) 2016; and the Data Protection Act (DPA) 2018).
30. Amalgamated Lifts Limited will be expected to have a Data Protection policy in place and all staff will be expected to have received Data Protection training.

Implications verified by: Tina Akpogheneta, Interim Head of strategy and Strategic relationship manager, Digital Services, tel 07824 538622

### **Consultation**

31. There has been ongoing consultation residents concerning various workstreams on the Charecroft estate of which the modernisation of passenger lifts is one. A specific meeting will be held with residents prior to start on site, provisionally November 2020, to introduce the contractor and site team and discuss all aspects of the project.
32. Leaseholders have been notified in accordance with the statutory consultation legislation. Notices of intent were sent out on 13th May 2019 and expired 17<sup>th</sup> June 2019. The Notices of Estimate are expected to be issued week commencing 27<sup>th</sup> July 2020 and the consultation period will expire week commencing 21<sup>st</sup> August 2020. The contract will not be issued until expiry of the section 20 notices.
33. The formal award of contract will not be made until completion of consultation with affected leaseholders under Section 20 of the Landlord and Tenant Act 1985.
34. As of 20<sup>th</sup> July 2020 a total of 118 properties have been sold under right to buy legislation with nine applications pending.
35. The estimated charges to leaseholders based on the recommended contract sum plus contingency and internal management fees are shown in Appendix 2.
36. The council offers a range of repayment options to leaseholders with extended interest free periods for those facing higher bills.

37. The freeholders of the estate have been notified of the works and arrangements for site set-up have been agreed.

**List of Appendices:**

Exempt Appendix 1: Tender Analysis

Exempt Appendix 2: Estimated leaseholder contributions