

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Strategic Director for the Economy (Director of Finance)

Date: 09/08/2021

Subject: Modernisation of four passenger lifts serving Linacre Court W6 and Verulam House W6

Report author: Vince Conway, Senior Programme Manager, Capital Delivery

SUMMARY

This report seeks approval to award 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 and in accordance with the procurement strategy award report for the wider housing lift modernisation programme approved in October 2018.

RECOMMENDATIONS

1. To note 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. To approve the award of the contract to undertake lift modernisation works, to the properties at Linacre Court and Verulam House, to Lift and Engineering Services Limited for a sum of £1,003,429. The project is expected to start on site on the 29 November 2021 with a site completion date of 7 November 2022.

Wards Affected: Avonmore & Brook Green; Hammersmith Broadway

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	The contract requires the winning supplier to generate a minimum 10% social value through the contract. This will be achieved by various means including the creation of employment and training opportunities and the use of local supply chain.

Creating a compassionate council	It is recognised that lift modernisation can cause 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 that officers and contractor representatives will be available to assist vulnerable residents where required.
Doing things with local residents, not to them	Residents have been consulted on the scheme and this process will continue during the lead-in period and whilst on site.
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.
Rising to the challenge of the climate and ecological emergency	New equipment 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. Lift cars are fitted with low energy lighting. The contractor's fleet complies with Ultra Low Emissions Zone standards.

Financial Impact

The HRA Asset Management Compliance Strategy and Capital Programme latest budget approved by Cabinet on 1 February 2021 contains the budget allocation for pre-agreed lift schemes. This includes an allocation of £616,000 for the lift modernisation work at Linacre Court and Verulam House. In addition, £440,000 from the anticipated underspend at Charecroft estate lift scheme will be transferred to fund this scheme. The costs for the proposed contract of £1,003,429 plus other preliminary and miscellaneous costs can be funded from this combined allocation of £1,056,000.

A credit report was produced on the proposed contractor Lift and Engineering Services Limited via CreditSafe on 17 June 2021, which shows they have a low risk credit score of 84. The average of their most recent two financial years' turnover is £15.5m, which is well above the Council's minimum requirement of double the contract value.

The Leasehold Services team estimate £358,697 can be charged to the leaseholders for these works (this is set out in Appendix 2). Where any of these charges are not borne by the leaseholders, this will have to be funded from borrowing unless alternative funding sources are identified.

Legal Implications

This report recommends that a contract is awarded to Lift and Engineering Services Limited for housing lift management works to the properties at Linacre Court and Verulam House for a contract value of £1,003,429.

The total value of the contract below the threshold for works under the Public Contracts Regulations 2015 ("PCR"), which is currently £4,733,252. Therefore, the PCR do not apply in full.

Although the value of the proposed contract is below the current threshold for works set by the PCR, the Council is required to comply with the PCR and the general principles of transparency, equal treatment, non-discrimination and proportionality.

The Council must publish a contract award notice on Contracts Finder containing at least the name of the contractor, the date on which the contract was entered into, the value of the contract and whether the contractor is an SME or BSCE (reg.112(1) PCR).

Under the Contract Standing Orders (CSOs), this contract is a high value contract and should therefore comply with the competition and advertising requirements set out in CSO 19.1.

In accordance with the procurement strategy the open procedure was used. Details of the procurement process followed is set out in this report. The evaluation criteria were applied to determine the most economically advantageous tenderer. It is recommended that the Contract is awarded to the highest scoring tenderer in accordance with the tender documentation.

The decision maker needs be satisfied that the recommended award of contract is to the tenderer submitting the most economically advantageous tender on the basis of the award criteria set out in the Council's tender documentation. This will secure compliance with the PCR requirements and the CSOs.

The Council's legal service will assist in preparing a formal contract. The tender was issued with a draft contract and will be entered into on those terms.

As the value of the contract is above £300,000, the contract award is a Key decision and has been submitted to Committee Services for publication on the Council's

website. In addition, a copy of the completed (dated) contract must be uploaded to the Council's Contracts Register along with a copy of the award report.

Implications completed by: Harry Forsythe, Solicitor (New Zealand Qualified) at Sharpe Pritchard LLP, hforsythe@sharpepritchard.co.uk on secondment to the Council.

Contact Officers

Name: Vince Conway
Position: Senior Programme Manager, Capital Delivery
Telephone: 07776 672481
Email: vince.conway@lbhf.gov.uk

Name: Sudhir Kafle
Position: Housing Investment Accountant (The Economy)
Telephone: 0777 667 2451
Email: sudhir.kafle@lbhf.gov.uk
Verified by Emily Hill, Director of Finance

Name: Harry Forsythe
Position: Solicitor, Sharpe Pritchard LLP
Telephone: 07826 307 056
Email: hforsythe@sharpepritchard.co.uk

Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

Proposals and Analysis of Options

1. These works need to be undertaken because major components of the existing lifts 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 repairing the 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 and increased inconvenience to residents.
2. This tendering exercise has been carried out following an analysis of options which were considered in an overarching procurement strategy for the lift modernisation programme approved by Cabinet on the 8th October 2018.

Property

3. Linacre Court is an 18-storey tower block constructed in 1965 and is situated on Great Church Lane adjacent to the A4. It provides a total of 69 homes. Verulam House is an 8-storey mansion-type block on the corner of Hammersmith Grove and Goldhawk Road. It was opened in 1966 and originally provided 56 homes with two added to the ground floor in 2015. Both blocks are managed by the South Hammersmith Housing Area, with Linacre Court in Avonmore & Brook Green Ward and Verulam House in Hammersmith Broadway.

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 on firefighting lifts.
6. The new equipment selected is more energy efficient than the existing equipment. 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 the Council's Contract Standing Orders using the Open Procedure. An invitation to tender was published on Contracts Finder and Capital esourcing portal on 25 February 2021 with an original closing date for receipt of tenders of 25 March 2021, extended to 1 April 2021. 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. Bids were received from six suppliers and opened remotely on capital esourcing in the presence of the Head of Procurement with the tender value of each submission recorded on the Council's Form B (Tender List and Opening Record).

10. All six suppliers passed the initial qualification stage which assessed their economic and financial standing, health and safety record, insurance levels, and professional experience.
11. The second stage technical evaluation revealed that three suppliers had not submitted a social value offer to the Social Value Portal in line with the requirements of the ITT. Clarifications raised with each supplier confirmed that no offer was submitted. Therefore, as those tenders were non-compliant, they were rejected.
12. The Social Value offers from each supplier were evaluated by the Social Value Portal. Lift and Engineering Services Ltd committed to 10.89% social value overall and, scored 90/100 on the qualitative submission. The assessment concluded that the submission clearly addressed all the required elements of the question and provided evidence that the specified requirements will be met under each section. It further added that “a clear point of contact has been provided as well as a clearly structured process for monitoring, measuring and defining social value outcomes throughout the contract. Lift and Engineering Services Ltd has referenced how they will liaise with the Council and local stakeholders and partners to ensure the requirements are met in full. The proposal provides confidence in that delivery of the outcomes will be to a good standard.” The main social value commitments are creating two full time jobs for local residents and supporting young people into work.
13. The evaluation panel comprised officers from the Council’s lift services team with the social value aspect scored by assessors from Social Value Portal. The table below sets out the scores achieved by each supplier submitting a valid tender as assessed by the panel. Further details are provided in Appendix 1.

Overall Ranking	Contractor	Price Score	Price Rank	Quality Score	Quality Rank	Total Score (weighted)
1 st	Lift & Engineering Services Ltd	100.00	1 st	82.0	1 st	89.2
2 nd	Tenderer 2	93.752	2 nd	77.814	2 nd	84.189
3 rd	Tenderer 3	83.619	3 rd	68.854	3 rd	74.76
	Tenderer 4	Non-compliant tender				
	Tenderer 5	Non-compliant tender				
	Tenderer 6	Non-compliant tender				

14. Based on the evaluation process carried out in accordance with the procurement strategy and ITT, officers recommend acceptance of the tender submitted by Lift & Engineering Services Ltd.

Programme

15. The anticipated programme of works for the project is as follows:

Activity/Milestone	Estimated Date
Issue section 20 notices	1 June 2021
Cabinet Member Meeting (for consultation)	25 June 2021
Contracts Assurance Board	7 July 2021
Circulated to Cabinet Members	9 August 2021
Contract Approval, Director of Finance	16 August 2021
Expiry of section 20 notices	6 July 2021
Observations responded to	12 July 2021
Notification of award	17 August 2021
Voluntary Standstill ends	27 August 2021
Contract Award	31 August 2021
Resident Consultation	November 2021
Start on site Linacre lift A	10 January 2022
Completion Linacre lift A	13 June 2022
Start on site Linacre lift B	20 June 2022
Completion Linacre lift B	21 November 2022
Start on site Verulam lift A	17 January 2022
Completion Verulam lift A	18 April 2022
Start on site Verulam lift B	25 April 2022
Completion Verulam lift B	25 July 2022

Reasons for Decision

16. This project is one which the Council has committed to deliver as part of the Asset Management Compliance Strategy and Capital Programme approved by Cabinet on 1st July 2019. 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.
17. The decision above is required to appoint the contractor to carry out the works required in Linacre Court and Verulam House.

Equality Implications

18. Lift works are likely to 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.

19. Inconvenience will be minimised as only one lift will be worked on in each block and returned to service before works start on the second lift. For the short periods each month where the second lift is being serviced the contractor and council's lift engineers will liaise closely with housing management to arrange assistance for any residents with specific needs.

Risk Management Implications

20. The evaluation process has concluded that the contractor has the necessary financial standing, insurances, and health and safety qualifications to complete this project.
21. 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.
22. Both blocks are served by two lifts. Nonetheless, the project team will liaise with housing management to assess the needs of vulnerable residents with the option of temporary decant available if required.
23. Should any issue arise with the in-service lift whilst the other is being modernised there is a priority response time of one hour for maintenance operatives to attend.

Implications verified by: David Hughes, Director of Audit, Fraud, Risk and Insurance, tel: 07817 507 695

Climate and Ecological Emergency Implications

24. 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.
25. Industry estimates suggest the latest technology gearless drive uses up to 50% less energy than a traction drive and 70% less energy than an hydraulic drive.
26. New LED lighting will be installed in the lift cars and motor rooms.
27. Lift and Engineering Services have confirmed that their vehicle fleet complies with Ultra Low Emission Zone requirements,

Implications verified by: Hinesh Mehta, Strategic Lead – Climate Emergency, 07960 470125

Procurement implications

28. The Economy Governance and Commissioning team have reviewed the audit trail for the procurement exercise and have not identified any errors or issues that subject the Council to risk of procurement challenge. The results of the evaluation process have been checked for mathematical accuracy and for correct recording in the capital E sourcing portal. The Team will work with the service to ensure that the signed contract is recorded on capital E sourcing.

Implications verified by: William Shanks, Head of Contract Governance, The Economy, tel. 0781 858 1911

Local Economy and Social Value

29. Lift and Engineering Services Ltd have committed to 10.89% social value, beyond the Council's 10% minimum requirement. The contractor's highest commitments are around creating local jobs and providing support for residents out of work.
30. Social Value Portal evaluated social value responses and the winning bidder scored 90/100, which indicate a good quality response, providing confidence the contractor will be able to deliver on their social value commitments. Lift and Engineering Services Ltd Ltd will be required to set targets on Social Value Portal for effective monitoring and will be responsible to pay the relevant fee, as per the Instruction to Tender document published at the tender stage. Contract managers will need to work with the Council's Social Value Officer to develop a delivery plan with the contractor.
31. It is recommended the Commissioner will work closely with legal to ensure appropriate social value clauses are included in the contract, so that the Council can enforce its right to compensation if social value commitments are not delivered.

Implications verified by: Ilaria Agueci, Social Value Officer, tel. 0777 667 2878

Digital Services Implications

32. IT Implications: No IT implications are considered to arise from the proposal in this report. Should this change, Digital Services should be consulted.
33. IM Implications: A Privacy Impact Assessment will need to be completed to ensure all potential data protection risks arising from this proposal are properly assessed with mitigating actions agreed and implemented.
34. Suppliers appointed as a result of this report will be expected to have a Data Protection policy in place and all staff will be expected to have received Data Protection training.

35. Any contracts arising from this report will need to include H&F's data protection and processing schedule which is compliant with Data Protection law.

Implications verified by: Tina Akpogheneta, Interim Head of Strategy and Strategic Relationship Manager, Digital Services, tel 02087535748.

Consultation

36. A specific meeting will be held with residents prior to start on site, provisionally November 2021, to introduce the contractor and site team and discuss all relevant aspects of the project.
37. Leaseholders have been notified in accordance with the statutory consultation legislation. Notices of intent were sent out on 25 July 2018 and expired 29 August 2018. The Notices of Estimate were issued on 1 June 2021 and the consultation period will expire 6 July 2021. The contract will not be issued until expiry of the section 20 notices.
38. As of 28 May 2021 a total of 41 properties have been sold under 'right to buy' legislation, 15 in Linacre Court and 26 in Verulam House. There are no current applications pending for either block.
39. The total estimated charges to leaseholders based on the recommended contract sum plus contingency and internal management fees is £358,697. Further details are shown in Appendix 2.
40. The Council offers a range of repayment options to leaseholders with extended interest free periods for those facing higher bills.

List of Appendices:

Exempt Appendix 1: Tender Analysis

Exempt Appendix 2: Estimated leaseholder contributions