

	London Borough of Hammersmith & Fulham CABINET 12 OCTOBER 2015
PROCUREMENT OF A FRAMEWORK AGREEMENT FOR LIFT MODERNISATION PROGRAMME WITHIN HOUSING PROPERTIES - BOROUGH-WIDE	
Report of the Cabinet Member for Housing: Councillor Lisa Homan	
Open Report	
For Decision: Yes	
Key Decision: Yes	
Wards Affected: All	
Accountable Lead Directors: Kathleen Corbett, Director for Finance & Resources & Mike England, Director for Housing Options	
Report Author: Henrietta Jacobs Procurement Manager	Contact Details: Tel: 020 8753 3729:Email: henrietta.jacobs@lbhf.gov.uk

1. EXECUTIVE SUMMARY

- 1.1. This report seeks approval for the procurement of a 3+1 Year Framework Agreement for up to 5 contractors to undertake the refurbishment and modernisation of existing passenger lifts within the London Borough of Hammersmith & Fulham. This will support the on-going lift modernisation programme across the borough, specifically the 37 lifts listed in Appendix 2.
- 1.2. Currently the lift modernisation programme is delivered on a project by project basis using suppliers from Construction line data base with a traditional price only tender.
- 1.3. It is a requirement of the Public Contracts Regulations, which came into effect on 26th February 2015, that all advertised opportunities over £25k, have to be published on Contract Finder. Contract Finder is a tool that publishes details of both live and closed procurement opportunities as part of the Government transparency Commitment. The use of Contract Finder for every project over £25k, for the lifts schemes, will be both onerous, resource intensive and time consuming. The establishment of a Framework will overcome this issue in that all mini competitions carried out under the Framework will not have to be published on Contract Finder, as this requirement will have been fulfilled during the original advert for setting up the Framework.

- 1.4 The mini competitions will help drive savings and quality. The award criteria for the proposed framework would be 40% quality and 60% price. LBHF will sign a framework agreement with each successful contractor.
- 1.5 There will be no guarantee of work under the framework. This is important as recent changes to housing rents announced by Government will result a loss of £22m of funding for works over the 4 years to April 2020. This means that the Council may need to deliver the programme, which is current due to complete in 2018, over a longer period.

2. RECOMMENDATIONS

- 2.1. That approval be given for officers to procure a 3 year Framework Agreement, with an option to extend for an additional 1 year, for up to 5 contractors, in accordance with the Public Contract Regulations 2015 via an OJEU restricted procedure with an anticipated total contract value of **£7.5m**.
- 2.2. To note that funding for the proposed works is contained within the Housing capital programme.
- 2.3. That approval be given to waive the requirement in Contract Standing Orders to develop a business case because each individual mini- competition off the proposed framework agreement will be less than £1m.
- 2.4. That delegated authority be given to the Cabinet Member for Housing in consultation Lead Directors for Housing to invite tenders for the proposed framework agreement and to appoint the successful contractors onto the framework.

3. REASONS FOR DECISION

- 3.1. The Council has a responsibility under Regulation 9 of The Lifting Operations and Lifting Equipment Regulations 1998 (LOLER), to maintain and refurbish all passenger lifts within the borough. As part of the housing capital investment programme a total of 187 lifts are to be modernised over a 10 year period. This programme commenced in 2009 and is currently due to be completed in 2018. To date 118 lifts have been modernised. A further 69 are due to be modernised, 32 of which will go through contract finder¹ and 37 will be modernised under this proposed framework from 2016 through 2018.

4. INTRODUCTION AND BACKGROUND

- 4.1 There are a total of 216 passenger lifts across the Housing portfolio of various heights. As part of the housing capital investment programme, a total of 187 were earmarked for modernisation over 10 year period which commenced in 2009/10. To date, a total of 118 lifts have been modernised.
- 4.2 The proposed work forms part of the 2016/17 and 2017/18 Housing Capital Programme for which the Cabinet Member for Housing has responsibility.
- 4.3 These works need to be undertaken because major components of existing equipment associated with each lifts are obsolete, with many parts having reached their economic usable life span of 25 years, resulting in an unacceptable level of lift breakdowns. The components required for maintaining these lifts are

¹ To prevent delays to the programme

increasingly difficult to obtain as they are not readily available from the respective manufacturers with some having to be made to order which can result in prolonged delays and shutdowns in the event of failures as well as higher cost. The current procurement route for delivery of the lift modernisation programme is usually on a project by project basis with a traditional price only tender using contractors from Construction line.

5. PROPOSAL AND ISSUES

- 5.1 The proposed framework is designed to provide a flexible procurement solution that complies with EU Procurement regulations. There will be no guarantee of work under the framework, which gives the council a degree of flexibility. This is important as recent changes to housing rents announced by Government will result in a loss of £22m of funding for works over the 4 years to April 2020. This means that the Council may need to deliver the programme, which is currently due to complete in 2018, over a longer period
- 5.2 Running mini competitions in the proposed framework will help drive further savings and should help improve quality as the Council will work with a smaller number of contractors who will become familiar with its properties. There will be the opportunity to drive continuous improvement in the projects delivered, through lessons learnt, and value engineering.
- 5.3 A design and build contract with an output specification and quicker contract awards will result in more efficient delivery. The time for running a mini-competition will be 4 weeks as the main financial and probity checks will already be in place. There will not be a need to publish on Contract Finder each time a mini competition is carried out as the procurement of the framework was initially advertised on Contract Finder (although a notice of any call-off contract awarded over £25k has to be published on Contracts Finder).

6. OPTIONS AND ANALYSIS OF OPTIONS

6.1 Officers considered the following options:

6.1.1 Option 1 – Do nothing

This would mean that frequent tender exercises using Construction line data base were required to deliver programmes of work. This option is onerous, time consuming and resource intensive.

6.1.2 Option 2 – Procure One Contractor For The Whole Programme

Lifts modernisation is a very specialist area with a limited number of suppliers not all of whom are large businesses. As such going out to tender for a single Contractor will not give the Council enough competition to award a single large contract to a single contractor.

6.1.3 Option 3 – Use an existing national framework to deliver the contract

Lift refurbishment and modernisation is a specialist market and most of the lifts within Hammersmith and Fulham are bespoke. While some frameworks contain suitable contractors, there were none with a sufficient number of suitable contractors who have relevant levels of expertise, knowledge and certification.

6.1.4 Option 4 – Recommended Option – Go out to full tender for a framework

This is the preferred option, as the contract would be procured using the terms and conditions specific to London Borough of Hammersmith & Fulham in line with the Public Contracts Regulations 2015. With this option, the Council can enter into a 3+1 years framework agreement with up to 5 contractors, to deliver programmes of work for lifts refurbishment. This option gives the authority the advantage of running a mini-competition within the framework with a shorter timeline and using less resource that would be required to run numerous tender exercises.

7. CONSULTATION

- 7.1 There will be on-going consultation with residents to explain the nature and scope of the works, programme and timescales. Residents will be written to in order to explain the process and any impact on them after this report is approved. Residents will receive more correspondence prior to work starting on site, updating them regarding the programme, the scope of works and the level of support in place for residents from officers within the Planned Maintenance Team.
- 7.2 All relevant Leasehold consultations before, during and after tender exercise will be strictly adhered to in accordance with legislation and the Council's policy on consultation. Notice of Intention (NOI) as part of the consultation process, would be sent out to all affected leaseholders within the borough after this report is approved. As part of on-going consultation process within the Framework, S.20 notices (Notice of Proposal), will be sent out to affected leaseholders prior to contract award following a mini competition within the Framework. In addition, separate meetings will be held with leaseholders before works commence.

8. EQUALITY IMPLICATIONS

- 8.1. The works will have a positive effect on elderly and very young people; wheelchair users and ambulant disabled people; pregnant women and people with very young children, as these groups are most disadvantaged when lift breakdowns occur. All works will be undertaken in accordance with the housing departments Lift works protocol, which specifically addresses those individual residents who may need additional support from other services, general assistance or a temporary move during works of this nature. Ultimately these works will reduce the frequency of such breakdowns.
- 8.2. Implications verified/completed by Danny Reynolds – Group Leader, Engineering Services, 0208 7534780

9. LEGAL IMPLICATIONS

- 9.1 The Council must comply with the Council's Contract Standing Orders and the provisions of the Public Contracts Regulations 2015 (PCR 2015) when letting a framework agreement and calling-off any contract under that framework agreement. This includes complying with the relevant procurement procedures in the PCR 2015, including advertising the opportunity on Contracts Finder. In addition, a contract award notice in respect of any call-off contract over £25,000 must be published in Contracts Finder.
- 9.2 Implications verified/completed by: Alka Kingham-Senior, Senior, Solicitor (Contracts) Shared Legal Services, 020 8753 2924

10. FINANCIAL AND RESOURCES IMPLICATIONS

- 10.1 The flexibilities established through a 3+1 Year Framework Agreement affords discretion to the Council to exercise an option of postponing capital works (per se) into future years, in light of recent Government Announcement on social housing rents, which will result in the and the reduction of 1% over the next 4 years.
- 10.2 The proposal to go out to tender is reliant on members giving approval to the recommendation in this report. When approval has been given, the companies that would express an interest to tender will be financially evaluated according to the practices that are undertaken in the Council.
- 10.3 Implications verified/completed by: (Christopher Harris, Principal Accountant and 0208 753 6440)

11. RISK MANAGEMENT

- 11.1 A tender appraisal panel consisting of officers within HRD, Procurement and IT Strategy, FD will oversee the procurement process in ensuring compliance with EU regulations.
- 11.2 Implications verified/completed by Danny Reynolds – Group Leader, Engineering Services, 020 8753 4780.

12. PROCUREMENT AND IT STRATEGY IMPLICATIONS

- 12.1 The nature of the lift projects are predominately works related. The estimated value of the procurement exceeds the value threshold for works (£4.3m) above which EU Procurement Directives are required to be applied.
- 12.2 A schedule of meetings of the tender appraisal panel comprising officers from HRD, Legal, Procurement and IT Strategy and Finance will need to be convened to ensure that the procurement is conducted in accordance with the council's Contract Standing Orders and EU regulations.
- 12.3 Implications verified/completed by: (Robert Hillman, Procurement Consultant, 020 8753 1538)

LOCAL GOVERNMENT ACT 2000

LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	None		

LIST OF APPENDICES:

Appendix 1: Proposed time table for the procurement process.

Appendix 2: Initial proposed lifts to be procured under the framework

Appendix 1: Proposed time table for the procurement process.

Activity	Indicative Date
Strategy Report	7 th October 2015
S20 NOI Notice	9 th Oct to 19 th Nov.2015
Publish PQQ/OJEU Notice	23 rd November 2015
Site Visit	From 30 th November 2015
Deadline for clarification	23 rd Dec.2015
PQQ Return deadline	5 th January 2016
Evaluation completed	22 nd January 2016
Outcome Letter/Debrief	4 th February 2016
ITT Published	15 th February 2016
Deadline for clarification	4 th March 2016
Tender Return deadline	8 th March 2016
Evaluation completed	24 th March 2016
S20 Notice of Estimate	1 st April to 12 th May 2016
Cabinet Report Approval	May – June 2016
Alcatel Letters/Debrief	June 2016
Contract Award	June 2016
Contract Start	1 st July 2016

Appendix 2: Initial proposed lifts to be procured under the framework

2015/16 Lifts Programme	
Glenallen House x1	Avonmore and Brook Green
Mortimer House x1	Avonmore and Brook Green
Pelham House x3	Avonmore and Brook Green
Rainville Court	Fulham Reach
2016/17	
Herbert Morrison House x2	Fulham Broadway
Seagrave Lodge Hostel x1	Fulham Broadway
Kelmscott Gardens 1-35 x1	Askew
Henrietta House x2	Hammersmith Broadway
Joanna House x2	Hammersmith Broadway
The Grange Goldhawk Rd x1	Askew
Batman Close 1-20 x2	Shepherd Bush Green
Batman Close 21-56 x1	Shepherd Bush Green
Batman Close 95-113 x2	Shepherd Bush Green
2017/18	
Michael Stewart House x2	Fulham Broadway
Linacre Court x2	Avonmore and Brook Green
Verulam House x2	Hammersmith Broadway
Charecroft Estate	
Bush Court x2	Addison
Roseford Court x2	Addison
Shepherd Court x2	Addison
Woodford House x2	Addison