

<p align="center">London Borough of Hammersmith & Fulham</p> <p align="center">CABINET</p> <p align="center">27 MARCH 2017</p>	
<p align="center">RE-PROCUREMENT OF LIFT MAINTENANCE CONTRACT</p>	
<p align="center">Report of the Cabinet Member for Housing – Councillor Lisa Homan</p>	
<p>Open Report</p>	
<p>Classification - For Decision</p>	
<p>Key Decision: Yes</p>	
<p>Other services consulted: None</p>	
<p>Wards Affected: All</p>	
<p>Accountable Director: Nilavra Mukerji –Director for Housing Services</p>	
<p>Report Author: Henrietta Jacobs Procurement Manager</p>	<p>Contact Details: Tel: 020 8753 3729 E-mail: henrietta.jacobs@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1. This report seeks approval to procure (in accordance with the Public Contract Regulations 2015 (as amended)) a 5-year lift maintenance contract, with the option to extend for a further 2 years. This contract is essential to continue to provide a day to day lift repair service, planned & statutory servicing, and inspections, as well as minor improvement works to all lifts in the Council's Housing stock.
- 1.2. The existing contract with PDERS Lifts Ltd will expire on 01 January 2018.

2. RECOMMENDATIONS

- 2.1. That approval be given to go out to procurement for a 5-year term contract, for lift maintenance using the Restricted Procedure in accordance with the Public Contract Regulations 2015. The contract will have built into it, the option to extend for a further 2 years (5+2).
- 2.2. To note that the award criteria is to be set at 50% Price and 50% Quality and the contract will have a notional annual value of £558,300.

- 2.3. To note that funding for this contract will be met from the Housing Revenue Account. The budget for lift maintenance is £558,300 for 2017/18. The contract is expected to commence January 2018 and these works will be delivered from the £558,300 up to the end of March 2018. Similar level of budget is anticipated for subsequent years subject to annual approval.
- 2.4. To note that the final budget will need to be set after-market testing.

3. REASONS FOR DECISION

- 3.1. The current contract with PDERS Lifts Ltd expires 1st January 2018 and a new contract is needed to manage this services.
- 3.2. The Public Contract Regulation 2015 requires that, where the estimated value of the contract exceeds the financial thresholds there is a statutory requirement to go out to the market for competitive tendering. The preferred option contained in the Council's Contract Standing Order (CSO), in the absence of a suitable framework is to use the Restricted Procedure where there is a well-developed market.

4. PROPOSAL AND ISSUES

- 4.1. The proposed services to be undertaken within this contract include planned servicing, remedial works, day to day breakdown call outs repairs, including repairs caused by vandalism, together with minor improvements works and repairs, to the borough's lift installation located within the Council's housing stock.
- 4.2. The contract will be fully comprehensive, whereby tenderers will be required to submit a lump sum price for carrying out planned servicing, remedial works and call-out repairs, including repairs caused by vandalism up to a maximum value of £500. The contract will include a schedule of rates to cover for works which fall outside the comprehensive element of the contract.
- 4.3. There is also the provision for the service provider to submit prices for minor improvement works. Any works outside the comprehensive element of the contract which become necessary during the contracts will be subject to the appropriate approvals process based on the value of works.
- 4.4. The comprehensive elements of the contract exclude complete replacements of major parts such as the main control panel, motor and gear, and the lift car which will be priced separately with cost derived from the tendered schedule of rates.
- 4.5. The contract will include financially incentivised key performance indicators (KPI), whereby, under the terms of the contract, 10% of the amounts payable to the contractor in any reporting month are dependent upon the contractor

achieving the necessary performance as defined by the KPI. The areas of performance to be measured are:

- Lift Availability
- Submission of Financial Reports
- Provision of Contractors Quality Checks Reports
- Response Time for (P1) Breakdown Works
- Lift Trappings
- Number of Breakdowns per month
- Receipt of “Complete” service Reports
- Performance against servicing programme

- 4.6. A tender appraisal panel (TAP) will be set up to oversee the tendering process. This panel will consist of officers from Housing Property Services, Legal, Finance and Leasehold services team.
- 4.7. The contract will be subject to inflationary increase which will be calculated using “indices for maintenance cost” table M&E published under DETR’s updating percentages. There will be no increase to the first year of the contract.
- 4.8. Tenderers will be requested to submit as part of their Method & Resource statement, their Customer care proposal, health and safety policy, their corporate Social Responsibility, Social value tool kit, Environmental policy on how they would minimise any impact on the environment and minimise energy consumption whilst carrying out these works.

5. OPTIONS AND ANALYSIS OF OPTIONS

- 5.1. Officers considered the following options:

Option 1 – Deliver the service from existing resources

- 5.2. The Lifts Maintenance contract is required for the Council to carry out its mandatory and statutory obligations of maintaining all passenger lifts within the Council’s housing stock. This Works/Service cannot be provided in house as specialist skills and expertise are required for the delivery of the works.

Option 2 – Use an existing Framework

- 5.3. No appropriate framework agreement was found that met the requirement of the Council both in terms of specification and geographical location.

Option 3 – Recommended Option – Go out to Procurement

- 5.4. Given the lack of viable alternatives, the only option is to undertake a formal procurement process. Moreover, this option will give the Council the opportunity to tailor the specification to meet the requirements of the borough, while ensuring that regard is given to a robust social value tool within the community.
- 5.5. In line with the Council’s social value policy objectives for supporting local businesses, the recommended option will ensure that there is engagement with such businesses from the start. The proposal will be to carry out a “Meet

the Buyer Day Event” for both Tier 1 and Tier 2 contractors early in the process. Inviting Tier 2 business (who are likely to be local businesses) to engage in the process may provide sub-contracting opportunities to potential Tier 1 companies. The concept is to create an avenue for local business with interest in the contract to ask questions and get information about the opportunity, which will help them decide on how they want to express their interest, either as a main contractor or sub-contractor.

5.6. **Procurement Process** See Appendix 1

5.7. **Contract Management**

The day to day management of the contract will be carried out by the Engineering team in accordance with the provisions of contract terms. The GC Works 9 contract will be used and Key Performance Indicators (KPI), will be built into the contracts to measure the contractors’ performance. See section 4.5 above for detailed KPI list.

6. CONSULTATION

6.1. The individual leaseholder contributions are likely to exceed £100. Therefore, statutory consultation is required to be undertaken with the leaseholders in the form of Notices of Intention (NOI). List of affected properties have been sent to leasehold Services Team for a formal consultation. The date for the NOI to go out and expiry dates will be confirmed by the team.

6.2. After the procurement exercise and submitted tenders have been evaluated, a formal notice of proposal (NOP) will be sent to relevant leaseholders and the statutory 35 days observation period will be carried out before contract award.

7. EQUALITY IMPLICATIONS

7.1. The provision of a high quality and reliable lift maintenance services, is of benefit to all groups within the community in Hammersmith and Fulham. The loss of a lift service within a building however, is of distress to vulnerable sectors of the community such as the elderly, people with disabilities and people with young children. The contract will include regular planned preventative maintenance programme to reduce the frequency of lift failure and provide a two-hour response time for reactive repairs, 24 hours a day, 7 days a week. The works will not have an adverse effect on any protected groups.

8. LEGAL IMPLICATIONS

8.1. The procurement process proposed for award of this above threshold lift maintenance services contract using the Restricted Procedure will be in compliance with the Council’s obligations under the Public Contracts Regulations 2015 as amended.

8.2. The recommendations are accordingly endorsed.

8.3. Implications verified/completed by: Babul Mukherjee, Senior Solicitor(Contracts), Shared Legal Services, Tel. 02073613410

9. FINANCIAL IMPLICATIONS

9.1. The contract costs will be funded from the revenue budgets within the Housing Repairs division of the Housing Revenue Account. The budget for 2017/18 for the lift maintenance contract is provisionally set at £558,300 and is due to be approved by Cabinet on the 6th February 2017, as part of the Financial Plan for Council Homes 2017/18 report. It is anticipated that future years' budgets will be maintained at the same level as proposed for 2017/18 to ensure that the lifts maintenance contract is fully funded.

9.2. Implications completed by: Alan Hollamby, Senior Accountant, Housing & Regeneration Department, 0208 753 1773.

10. IMPLICATIONS FOR BUSINESS:

10.1. This contract may create opportunity for local business. The meet the Buyer day event, will create an avenue for local businesses to discover potential opportunities if any, once the contract is procured. See section 4 of Appendix 1 below

11. PROCUREMENT IMPLICATIONS

11.1. The procurement process will be undertaken in accordance with the Restricted procedure (as outlined in section 9 of the Appendix). The Corporate Procurement Team has advised on process and will continue to provide support throughout to the Tender Appraisal Panel.

11.2. Implications verified/completed by: Alan Parry, Interim Head of Procurement (Job-Share). Telephone 020 8753 2581.

BACKGROUND PAPERS USED IN PREPARING THIS REPORT:

None

LIST OF APPENDICES

APPENDIX 1: BUSINESS CASE AND PROCUREMENT STRATEGY REPORT RE LIFT MAINTENANCE CONTRACT

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BUSINESS CASE

1. BUSINESS CASE – WHY THE PROCUREMENT IS NEEDED

The Council is obliged to provide lift service for all its residents and leaseholders. Not having a contract in place to provide this essential service can amount to a statutory breach of contract between the Authority and residents/leaseholders. This contract is essential to continue to provide a day to day reactive lift repair service, planned & statutory servicing and inspection as well as minor improvement works to ensure all lifts in the Council's Housing stock are maintained to the required standards and provide a safe and reliable lift service for the Council's residents.

2. FINANCIAL INFORMATION

Funding for this contract is contained within the Housing Revenue Account and where applicable allocated capital budgets.

3. OPTIONS APPRAISAL AND RISK ASSESSMENT

See Section 5 of main report.

4. THE MARKET

Provision of Lift Maintenance Contract, is considered a well-developed market. The proposal is to engage with the market prior to going out to tender by organising a "Meet the Buyer day" event to encourage both local businesses and main players in the market to identify areas of opportunity if any for local businesses.

The Council's Economic Development team have been consulted and are keen to provide details of local businesses subject to this report's approval.

PROCUREMENT STRATEGY

5. CONTRACT PACKAGE, LENGTH AND SPECIFICATION

1. Contract Package: The Council's standard service contract will be used and will include KPI's to measure contractor's performance, especially where it relates to compliance. The contract will be reviewed and amended if necessary, by legal prior to publication of opportunity.
2. Length of contract: The contract will be a 5 years' term contract with the option to extend for an additional 2 years.
3. Specification: Specification is currently being finalised by the relevant team and should be fully ready before publication.

6. SOCIAL VALUE, LOCAL ECONOMIC AND COMMUNITY BENEFITS

In line with the Council's social value policy objectives for supporting local businesses, the recommended option will ensure that there is engagement with such local businesses from the start. The proposal will be to carry out a Meet the "Buyer Day Event" for both Tier 1 and Tier 2 contractors early in the process. Inviting Tier 2 businesses (who are likely to be local businesses) to engage in the process may provide sub-contracting opportunities to potential Tier 1 contractors. The concept is to create an avenue for local businesses with interest in the contract to ask questions and get information about the opportunity, which will help them decide on how they want to express interest, either as a main contractor or sub-contractor.

7. OTHER STRATEGIC POLICY OBJECTIVES

Residents & leaseholder's will be notified when necessary, however, leaseholders consultation will not apply if the value of service does not exceed the statutory value of £100 for services and £250 for works.

8. STAKEHOLDER CONSULTATION

Consultation with relevant leaseholders where applicable, will be carried out subject to procurement strategy approval by Cabinet. See section 6 of main report.

9. PROCUREMENT PROCEDURE

Procurement Process

The procurement process will be carried out using the Restricted Procedure, in accordance with the Public Contracts Regulations 2015 as amended (Regulations). The process will involve publishing the opportunity in the Official Journal of the European Union (OJEU), Contracts Finder as well as Hammersmith's & Fulham's procurement portal.

The restricted procedure involves a two stage process – The selection stage followed by the Invitation to Tender(ITT) and award stage. At the selection stage, each tenderer will be evaluated upon their responses to the Government's Standard Selection Questionnaire; this is based on their Financial standing, Eligibility, and Technical ability to deliver the service. The proposal is to invite the 6 highest scoring organisations to submit formal tenders.

Tenderer's will be evaluated based on their Quality submission (Method statement) and Price(Commercial) submission. The award criteria will be 50% Quality and 50% Price. At the Tender award stage, tenderers will be scored based on their responses to the following:

- Performance & Quality Control
- Resourcing
- Health & Safety
- Customer care
- Environmental

- Social Value

Tenders will be formally evaluated by a Tender Appraisal Panel (TAP). Individual panel members will score the tenders independently. After the scoring has been completed, a moderation meeting will be arranged for the TAP to agree the final moderated scores. The successful bid will be based on the tenderer scoring the highest for both quality and price.

Value for Money Statement (VFM)

Given the above recommended option of going out to procurement, this option will enable the Council to engage and create opportunities for local businesses. There may not be immediate cash savings but there will be immeasurable benefit to the Council considering the opportunities social value will bring to the community. The award criteria of 50% price and 50% quality and the seeking interest from the wider market, is to get value for money.

10. CONTRACT AWARD CRITERIA

The Quality/Price ratio being recommended is:

50% quality and
50% price.

This is because the contract has robust KPI's to monitor potential contractor's performance and by using the restricted procedure, all potential contractors would have gone through the selection stage to determine their technical ability to provide the service.

The table below outlines the criteria and weighting that will be used to score the quality section of the tender:

Quality criteria	Weighting
Performance & Quality control	13
Resourcing	7
Health & Safety	7
Customer care	13
Environmental	5
Social value	5
Total	50

PROJECT MANAGEMENT AND GOVERNANCE

11. PROJECT MANAGEMENT

For this procurement, a project board which comprised of senior managers from housing, procurement legal, finance and leasehold team have been set up to oversee the entire procurement process from start to finish and beyond. The

proposal is for the project board to meet monthly to discuss any issues, identify risk and recommend and approve options as at when needed.

A tender appraisal panel, comprising procurement, service owners, finance and resident is also set up to undertake the evaluation of tenderers submission both during the selection and tender stage. Any risk identified by procurement will be escalated to the project board for decision.

12. INDICATIVE TIMETABLE

Below are key milestones for this procurement.

Activity	Date
Strategy Approval	27 th March 2017
Publication (OJEU, contract finder & portal)	7 th April 2017
Selection Questionnaire (SQ) deadline	26 th April 2017
Evaluation/shortlisting deadline	19 th May 2017
ITT Publication	31 st May 2017
ITT return deadline	23 rd June 2017
Evaluation deadline	21 st July 2017
Award report approval	28 th July 2017

13. CONTRACT MANAGEMENT

The service owner (Engineering Team) headed by Engineering Group Leader, will be responsible for the day to day management of the contract. The engineering team have been involved in putting together this report and will be involved throughout the procurement process, working with the procurement manager. The GC Works 9 contract will be used with Key Performance Indicators (KPI), built into the contract to monitor and measure contactors performance.
