


<p style="text-align: center;"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p style="text-align: center;"><b>CABINET</b></p> <p style="text-align: center;"><b>8 MAY 2017</b></p>	
<p style="text-align: center;"><b>RE- TENDERING OF PASSENGER LIFT MODERNISATION IN SPRINGVALE ESTATE AND STAFFORD CRIPPS/ELLEN WILKINSON</b></p>	
<p style="text-align: center;"><b>Report of the Cabinet Member for Housing – Councillor Lisa Homan</b></p>	
<p><b>Open Report</b></p> <p>A separate report on the exempt part of the Cabinet agenda provides exempt information.</p>	
<p><b>Classification - For Decision</b></p>	
<p><b>Key Decision: Yes</b></p>	
<p><b>Other services consulted: None</b></p>	
<p><b>Wards Affected: All</b></p>	
<p><b>Accountable Director:</b> Nilavra Mukerji, Director of Housing Services</p>	
<p><b>Report Author:</b> Henrietta Jacobs Procurement Manager</p>	<p><b>Contact Details:</b> Tel: 020 8753 3729 E-mail: <a href="mailto:henrietta.jacobs@lbhf.gov.uk">henrietta.jacobs@lbhf.gov.uk</a></p>

## 1. EXECUTIVE SUMMARY

- 1.1. This report establishes the rationale for the re-procurement of a one-off contract to undertake works for the modernisation of existing passenger lifts within each block of flats on the Springvale Estate (Lot 1) and Stafford Cripps House and Ellen Wilkinson (Lot 2). See section 5 of Appendix 1 for a detailed list of the properties.

## 2. RECOMMENDATIONS

- 2.1. That approval be given to procure a one-off contract for works to modernise existing passenger lifts within each of the above blocks and as detailed within the list of properties in Appendix 1, using the Open Procedure with award criteria of 50% quality and 50% price.

### **3. REASONS FOR DECISION**

- 3.1. The Council's Contract Standing Orders (CSOs), require that, where the value of the contract exceeds £100k, a strategy report needs to be approved by Cabinet prior to commencing procurement activities, in the absence of a suitable framework.
- 3.2. The above lots were originally included within a major procurement exercise which consisted of 7 lots in total for which tenders were received on the 24/2/16. Criteria within the invitation to tender restricted the number of lots that could be awarded to any one contractor to a maximum of 3, to ensure SME's and local businesses are given the opportunity to submit a tender and to prevent one major contractor winning all 7 lots.
- 3.3. Contracts were awarded for lots 1 – 5, approved by the Cabinet Member for Housing on 28 October 2016. A retender is required for lots 6 and 7 as the contractor who submitted the most economically advantageous tender had reached their maximum award limit of 3 lots. Furthermore, second, and third placed tenderers had submitted prices that were substantially higher and deemed not value for money with the potential of the risk of objection from leaseholders.

### **4. PROPOSAL AND ISSUES**

- 4.1. The works consist of the complete modernisation of the existing passenger lifts within the properties listed in Appendix 1. The works need to be undertaken because major components of the existing equipment associated with each lift are obsolete, with many parts having reached their economical usable life span of 25 years, resulting in an unacceptable level of lifts breakdown, significant inconveniences to residents and visitors to the blocks.
- 4.2. The re-procurement exercise will be for 2 lots with the award criteria based on the Most Economically Advantageous Tender (MEAT) received (as set out in Section 10 of the attached Appendix).
- 4.3. 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.

### **5. OPTIONS AND ANALYSIS OF OPTIONS**

- 5.1. Officers considered the options set out at Appendix 1.
- 5.2. **Procurement Process** See Appendix 1

### **6. CONSULTATION**

- 6.1. The Housing Capital Programme seeks to meet the corporate strategic objectives of improving the quality of the borough's Housing stock. The works

consist of the complete modernisation of the existing passenger lifts within each blocks as detailed in Appendix 1.

- 6.2. Leaseholders have been notified in accordance with the statutory consultation legislation. Notices of intent were sent out on 04/08/2015, 15/10/2015 and 02/07/2015 and expired on 07/09/2015, 18/11/2015 and 01/08/2015.
- 6.3. Notices of proposal will be sent out once tenders have been received and evaluation completed.

## **7. EQUALITY IMPLICATIONS**

- 7.1. 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 those group are most disadvantaged when lifts breakdown occur. All works will be undertaken in accordance with the housing departments lifts 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.
- 7.2. Implications completed by Danny Reynolds -Group Leader, Engineering Services, 020 8753 4780.

## **8. LEGAL IMPLICATIONS**

- 8.1. The Open Procedure tender proposed would be in compliance with the Council's obligations under the Public Contracts Regulations 2015 as amended and its own CSOs requirements.
- 8.2. The MF1 model form of contract would be appropriate to cover the risks and obligations for this passenger lifts modernisation work.
- 8.3. Legal Implications by: Babul Mukherjee, Senior Solicitor (Contracts). Shared Legal Services, Phone: 02073613410

## **9. FINANCIAL IMPLICATIONS**

- 9.1 Contained in the exempt report on the exempt Cabinet agenda.

## **10. IMPLICATIONS FOR BUSINESS:**

- 10.1. The contract is a one-off contract which has limited implications for other businesses. However, as part of the method statement, potential contractors will be asked questions and scored on areas relating to social value. The responses from contractors in respect of social value should provide an estimated percentage against the total value of the contract.

## **11. PROCUREMENT IMPLICATIONS**

- 11.1. This is the re-procurement of two lots (6 and 7) relating to the lift modernisation programme. The Corporate Procurement Team has been supporting the work of the Housing Department in terms of the process.
- 11.2. Whilst each of the lots are time limited and relate to properties within the Borough, the application of social value principles becomes more difficult to achieve. However, it is proposed to seek commitments to support the local economy and local supply chains through two direct questions to bidders and these are set out in Section 6 in the attached Appendix.
- 11.3. Implications completed by: Alan Parry, Interim Head of Procurement (Job-share). 020 8753 2581.

### **BACKGROUND PAPERS USED IN PREPARING THIS REPORT:**

None

### **List of Appendices:**

**Appendix 1:** Business Case And Procurement Strategy Procurement Of Passenger Lifts Modernisation For Lots 1 & 2

## **APPENDIX 1:**

### **BUSINESS CASE AND PROCUREMENT STRATEGY** **PROCUREMENT OF PASSENGER LIFTS MODERNISATION FOR LOTS 1 & 2**

#### **1. BUSINESS CASE – WHY THE PROCUREMENT IS NEEDED**

- 1.1. The Council is obliged to modernise passenger lifts because these works need to be undertaken as major components of the existing equipment associated with each lift are obsolete, with many parts having reached their economical usable life span of 25 years, resulting in an unacceptable level of lifts breakdowns, significant inconvenience to residents and visitors to the blocks.

#### **2. FINANCIAL INFORMATION**

- 2.1. Funding for this contract was originally contained within the Housing & Regeneration Capital Programme for the 2016/17. The budget has been re-profiled to 2017/18 and 2018/19.

#### **3. OPTIONS APPRAISAL AND RISK ASSESSMENT**

- 3.1. This is a re-tender exercise and there are no limitations on the number of lots that can be submitted by one contractor. The prior procurement exercise, had a tender return deadline of 24/02/2016. After evaluation of all tenders received, officers considered the following options.

##### **3.2. Option 1 (Awarding to the MEAT tenderer)**

- 3.2.1. Officers considered awarding both lots to the Most Economically Advantageous Tenderer (MEAT). However, awarding to the MEAT tenderer for both lots would have taken both tenderers over their maximum allowable limit as specified in the tender document.

##### **3.3. Option 2 (Awarding to the second and third placed tenderer)**

- 3.3.1. Contained in the exempt report on the exempt Cabinet agenda.

##### **3.4. Option3 (Recommended option -Go out to Re-tender the works)**

- 3.4.1. Officers considered not awarding both lots and going out to re-tender for the works. As the specification and all documentation have already been prepared, it will be a quick and straight forward process to re-tender. This option does not put the Council at any risk albeit a slight delay in the lifts modernisation overall delivery programme, which will mean an anticipated start of 2017/18 instead of 2016/17

#### **4. THE MARKET**

- 4.1. Provision of Lift modernisation works is considered a well-developed market. The proposal is to go out to the market soon after the approval for this strategy report is received. As this is a re-tender, the specification and all relevant document is fully developed and ready to go, also contractors who originally tendered for these lots have been informed of the current situation and are very keen to express interest in this opportunity. The timeframe between this exercise and the previous is not great, so the market is not expected to have changed significantly, and even if there has been changes in the market, the proposal to go out to re-tender will be of immense benefit to the Council.

### **PROCUREMENT STRATEGY**

#### **5. CONTRACT PACKAGE, LENGTH AND SPECIFICATION**

- 5.1. **Contract Package:** The contract will be based on the terms and conditions of the Model Form of General Conditions (MF1). All relevant standard performance & delivery measurements will be included in the contract. The contract will be reviewed and amended if necessary, by legal prior to publication of opportunity.
- 5.2. **Length of contract:** The contract will be a site specific contract with the commencement date, date to be on site and site completion date all included as part of the specification. These dates vary from contract to contract, depending on the Housing Departments Lifts modernisation schedule/ programme. The anticipated contract length for each lot will be 44 weeks from contract start date.
- 5.3. **Specification:** Specification has been finalised by the relevant team and all documentation are ready for publication.
- 5.4. **Detailed List of Properties:**
- 5.4.1. Lots 1 – Thackeray Court lift A & B, Bronte Court, Calcott Court, Elgar Court & Walpole.
- 5.4.2. Lot 2 – Ellen Wilkinson House and Stafford Cripps House lift A.

#### **6. SOCIAL VALUE, LOCAL ECONOMIC AND COMMUNITY BENEFITS**

- 6.1. The contract is a one-off contract with limited implications for other businesses. However, as part of the method statement, potential contractors will be asked questions and scored on areas relating to social value. The responses from contractors in respect of social value should provide an estimated percentage against the total value of the contract.

- 6.2. The tender will request certain social value information and commitments from those bidding. The Contractor's Proposals will seek the response to at least two questions -
- 6.2.1. **“Question 1:** Do you have a corporate social responsibility policy for your company and how will this be implemented within Hammersmith and Fulham?
- 6.2.2. **Question 2:** What is your intended support in percentage terms of the overall value of the tendered sum to the local economy in terms of either direct spending or through supporting local businesses through the supply chain? You may consider such matters as catering services for staff when delivering the programme of works, the disposal of waste by local businesses, the use of local suppliers (including, where it is otherwise unavoidable, the use local outlets of major chains). These are just examples and you may be able to suggest other solutions. The Council is looking at the cost of the economic benefits in terms of the added value the proposed added benefits in support to the local economy. Please express the value as a percentage and explain how the Council will be able monitor your commitment.

## **7. OTHER STRATEGIC POLICY OBJECTIVES**

- 7.1. Residents & leaseholder's have been notified of the Council's intention to go out to procurement. Notices of intent went out on 04/08/2015, 15/10/2015 and 02/07/2015 and expired on 07/09/2015, 18/11/2015 and 01/08/2015. However, leaseholder's consultation (Notice of proposal) will go out after tender submissions have been received and evaluated.

## **8. STAKEHOLDER CONSULTATION**

- 8.1. Consultation with relevant leaseholders where applicable, have and will be carried out subject to procurement strategy approval by Cabinet. See section 6 of main report for consultation details.

## **9. PROCUREMENT PROCEDURE**

- 9.1. The procurement process will be carried out using the Open Procedure, as the value is below the OJEU procurement threshold for works, it will not be a regulated procurement, however, the Council will ensure the process is fully compliant with the principles of openness and transparency.
- 9.2. The Open procedure involves a one stage process as there is no pre-selection stage. Any organisation can apply through the Council's e-tendering system for a full tender pack and they will have an opportunity to submit a tender. The evaluation will be carried out for all tender submitted.
- 9.3. Under the Open procedure, there is still opportunity to check tenderers eligibility, however, all evaluation (eligibility & tender), will be done in a one

stage process and at the same time. The benefit of an open procedure, is that it reduces the procurement timeline.

- 9.4. 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.

## **10. CONTRACT AWARD CRITERIA**

- 10.1. 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. Tenderers will be scored based on their responses to the following:
- Performance & Quality Control
  - Resourcing
  - Health & Safety
  - Customer care
  - Environmental
  - Social Value
- 10.2. Although the tender relates to a works contract where the expectation would be for a higher price to quality ratio, lifts modernisation works is highly specialist and all contractor expressing interest would have to pass the eligibility and financial checks during this exercise. The table below outlines the criteria and weighting that will be used to score the quality section of the tender:

<b>Quality criteria</b>	<b>Weighting</b>
Performance & Quality control	10%
Resourcing	10%
Health & Safety	10%
Customer care	10%
Environmental	6%
Social value	4%
<b>Total</b>	<b>50%</b>

## **11. PROJECT MANAGEMENT AND GOVERNANCE**

- 11.1. 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.
- 11.2. A tender appraisal panel, comprising procurement, service owners, finance and resident is also set up to undertake the evaluation of tenderers submission. Any risk identified by procurement will be escalated to the project board for decision.



**12. INDICATIVE TIMETABLE**

12.1. Below are key milestones for this procurement.

Activity	Date
Strategy Approval	9 <sup>th</sup> May 2017
Publication (ITT, contract finder & portal)	19 <sup>th</sup> May 2017
ITT return deadline	16 <sup>th</sup> June 2017
Evaluation deadline	11 <sup>th</sup> July 2017
Section 20 Notice	20 <sup>th</sup> July – 25 <sup>th</sup> August 2017
Award report approval (CMB)	September 2017
Contract Award/start	October 2017

**13. CONTRACT MANAGEMENT**

13.1. The service owner (Engineering Team) headed by Engineering Services 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.

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