

**Supplementary Information: Lift Replacement and Maintenance
Procurement Business Case**

CONTRACT APPROVAL

Key Decision No. NH S076

**CABINET PROCUREMENT AND
INSOURCING COMMITTEE MEETING
DATE**

11 April 2022

CLASSIFICATION:

**If exempt, the reason will be listed
in the main body of this report.**

WARD(S) AFFECTED

All Wards

CABINET MEMBER

CLLR MCKENZIE, CABINET MEMBER FOR HOUSING SERVICES

KEY DECISION

Yes

REASON

Affects two or more wards

GROUP DIRECTOR

Ajam Ali – Group Director for Climate, Homes and Economy

1. REASONS FOR ADDITIONAL INFORMATION

This paper is an addendum to the original paper titled Lift Replacement and Maintenance Procurement Business Case to provide additional context to support the business case.

It also sets out the interim arrangement for the lift contract.

OPTIONS APPRAISAL AND BUSINESS CASE (REASONS FOR DECISION)

Strategic Context

In 2020 a replacement lift service was commissioned as the former contractor served notice on Hackney Council.

Hackney Council recognising that it needed to do things differently to ensure better service commissioned a Consultant to review the specification and contracts to support the re-procurement of this service. This has taken a bit longer than planned due the complex nature of the service.

In addition, the Council is reviewing its lift portfolio and has identified a number of replacement lifts that it will need to purchase over the next 5 years. These are being costed at this point and being placed in priority order. It is therefore difficult to be exact for the contract sum; however it is estimated to be between £20M and £60M.

Hackney therefore needs to have an additional short term agreement to support the service in the short term whilst the procurement is going ahead for no longer than 12 months and for between £1.5m and £2m. It is planned to have this agreement with the current interim contractor as they have made significant service improvements for residents and there has been a marked improvement in the response in repairing the lifts during the last 6 months. It is proposed that the existing interim contract for the lift servicing and repair will be dealt with via an existing framework.

Details of the long term replacement contract are set out in the main report as well as the term.

Preferred Option

The preferred option is set out in section 6.0 of the main paper under clauses 6.3 and 6.4.

ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)

A Range of options were considered for the procurement of the new contract and these are listed below:

Insourcing

During the first 5 years of the contract for lifts the in-house service, called the Direct Labour Organisation (DLO), would not be able to gear up and take over the range of different lifts and hold enough parts to deliver a service. This is a specialist service and we do not have the expertise in house.

As this is for both servicing, maintenance and installation it would take even longer for an in-house team to be trained in installation.

We would need to ensure that we could comply with Electrical Regulations and Lift Regulations 2016 namely that we can:

1. Ensure that it has been designed, manufactured, installed and tested in accordance with the essential health and safety requirements and that they have ensured it has been subject to a relevant conformity assessment procedure and the relevant technical documentation has been drawn up.
2. Draw up a declaration of conformity and ensure that the declaration accompanies the lift and affix the UKCA marking visibly, legibly and indelibly to the lift carrier.
3. Keep the declaration of conformity up to date and must keep it and where applicable, any approval decision, as well as the relevant technical documentation for 10 years.
4. Label the products with their name, registered trade name or registered trade mark and address; the type batch or serial number (or other identification) and ensure that they are accompanied by relevant instructions in clear, legible and easily understandable English.
5. When appropriate, investigate any complaints that the lifts they have installed are not in conformity with the requirements and keep records of these complaints.
6. Take action where they have reason to believe that the lifts are not in conformity with the 2016 Regulations.
7. Cooperate with and provide information to enforcing authorities following any requests

In addition as Section 20 applies the service would need to be competed against the market.

The insurance market relies on the independent assessments and they may require additional tests/inspections to validate the inspection regime.

TUPE is likely to apply to this contract.

Framework

Although there are several frameworks in the market they do not allow leaseholders to nominate a contractor and as this will be a long term qualifying agreement this option was discounted.

Open Tender advertised via Find a Tender in accordance with the Public Contract Regulations:

This option would be compliant with the Public Contracts regulations and it would allow leaseholders to notify their nominated contractors of the procurement, but it was discounted. The reason for not selecting this option is that potentially there would be a lot of bidders and it would be resource intensive for both suppliers and buyers.

Restricted Tender advertised via Find a Tender in accordance with the Public Contract Regulations:

This option is the preferred route to market as it complies with the Public Contracts Regulations and it will allow leaseholders to notify their nominated contractors of the procurement. This will allow the deselection of contractors with the most suitable being asked to complete a full tender. It also allows the contract to split into two geographical lots for servicing, repairs and installations. Bidders will be permitted to bid for both lots however they will only be appointed one contract to ensure that there are two contracts.

Success Criteria/Key Drivers/Indicators:

A range of key performance indicators are being developed based on lessons learnt from the current service but will include:

- Resident feedback
- Social Value
- Fix first time

Policy Context:

This supports Council's aims and objectives of providing suitable quality housing to its residents.

Consultation/Stakeholders:

Section 20 applies to this contract and all notices will be issued in accordance with legislation and this has been built into the timetable.

TUPE is likely to apply to this contract.

Risk Assessment/Management: - This section is to be read in conjunction with the risk log in section 5.4 of the main Business Case report

Risk	Likelihood	Impact	Overall	Action to avoid or mitigate risk
	L – Low; M – Medium; H - High			
1. Delays in Procurement	M	M	M	Ensure that procurement is progressed in a timely manner and closely monitored.
2. Poor Specification	L	H	M	Work closely with the appointed lift consultant to ensure appropriate specification.
3. Non recovery of leasehold costs	L	H	M	Ensure that Sec. 20 notices are served accurately.
4. Lack of interest from the market.	L	H	M	Ensure appropriate tender packages. Work with the appointed lift consultant to ensure appropriate split of the work and tender documentation.

Market Testing (Lessons Learnt/Benchmarking):

We are being supported by our consultants who have tested the market against our preferred route. Packages of less than 200 lifts are not attractive to the market and portfolios of more than 500 lifts limit the market as there are much fewer lift companies that can support supply and installation as well as maintenance and repair.

The reason for the split into two geographic areas is to provide resilience as there had been prior poor performance which has improved since the interim contractor was appointed.

SUSTAINABILITY ISSUES

Procuring Green

The works undertaken will maintain and enhance the quality of the council's housing stock and the estate environment. Contractors should produce their effective waste management strategy where possible, reuse existing parts and offer innovative solutions to reduce waste and carbon.

Where possible bidders will be required to use sustainable materials and move to vehicles with a lower carbon footprint.

Procuring for a Better Society

Hackney Council has a duty to adhere to the Modern Slavery Act (MSA) 2015 and we will ensure a zero-tolerance approach to modern slavery within business operations, supply chain and throughout the lifecycle of this contract. With the impact of Covid-19 in the industry, we are conscious that the construction industry is suffering and the risks of modern slavery within any supply chain are increased. As a result, we will engage with all current and future suppliers to ensure their policy and a process to preventing modern slavery is in line with our expectations and those of the legislation in place.

The contractors will be required to pay London Living wage and be asked to complete a template detailing how they will meet the employment requirements of Hackney.

We also plan to use the Social Value Portal to gain the best outcomes for social value for the residents of Hackney. The outcomes from the procurement process will be detailed in the Contract Award report that would be presented to the members once the procurement process is completed

Procuring Fair Delivery

By the nature of the service, the delivery will be equitable to residents and resident feedback will form part of the monitoring of key performance indicators

PROPOSED PROCUREMENT ARRANGEMENTS

Procurement Route:

The procurement route is a restricted tender advertised via Find a Tender in accordance with the Public Contract Regulations

Resources, Project Management and Key Milestones

The timetable is set out in the main report in section 11.

Sub-division of contracts into Lots

The contract will be split into geographic areas to provide resilience to the residents and service as both the servicing and maintenance will be covered under these contracts.

Other reasons for the split is that there are fewer suppliers who are able service, repair and replace over 500 lifts and this limits the market and potential for value for money. It also allows smaller companies to bid for the work.

It is intended that no contractor shall have more than one geographical area and whilst contractors will be able to tender for both areas, they will need to select their preferred area, if they are the most competitive contractor for both. Within the tender documents there will be a clear statement to ensure that the approach can be adopted.

Contract Management:

The contracts will be managed by the Housing Management Team with dedicated lift managers and lift clerk of works.

Key Performance Indicators:

A range of key performance indicators are being developed based on lessons learnt from the current service but will include:

- Resident feedback
- Social Value
- Fix first time

In accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012 publication of Background Papers used in the preparation of reports is required

Description of document (or None)

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