

**Report of: Head of Commercial Management – Leeds Building Services**

**Report to: Director of Resources and Housing**

**Date: 11/04/2018**

**Subject: The procurement and award of a new contract to renew 2 lifts at Roxby Close – Multi-storey flats in Lincoln Green, Leeds**

Are specific electoral wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of ward(s): Burmantofts and Richmond Hill		
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, access to information procedure rule number: Appendix number:		

**Summary of main issues**

1. Roxby Close is a 10 storey high rise block of 60 flats in Lincoln Green. The block is serviced by 2 lifts.
2. The previous city wide framework contract arrangements for the manufacture, supply and installation of lifts expired on 31 October 2016. All subsequent lift replacement works were pre-ordered and included as part of the previous framework extension approval. The preparation of the procurement of city wide replacement arrangements are currently underway and are subject to OJEU procurement timescales and although procurement activity will go live imminently it is not expected that a contract will be in place and available for use until later in the calendar year 2018.
3. Leeds City Council has a duty to regularly test, service and maintain its current stock of goods and passenger lifts. This is currently undertaken by the in-house team based within Leeds Building Services (LBS) and Zurich in line with the Lifting Operations and Lifting Equipment Regulations 1998 (LOLER).
4. Both lifts in Roxby Close have been identified in need of major repairs and renewal works resulting in a need to undertake a separate procurement to allow arrangements to be put in place specifically to address this issue.
5. It is therefore proposed to enter into a direct contract with Lifts Engineering Services (LES) using the Term Partnering Contract procured by the Re:allies Partnership.

## **Recommendations**

- 1.1 The Director of Resources and Housing is requested to:
- 1.2 Approve utilising the Term Partnering Contract for Passenger Lift Servicing with CHIC (Central Housing Investment Consortia) for lift replacement work delivered by Leeds Building Services and which will be subject to separate contract procurement and contract award approvals.
- 1.3 Approve the procurement and award of new contracting arrangements for two new lifts in Roxby Close, Lincoln Green and enter into a direct contract with Lifts Engineering Services (LES) via the CHIC Term Partnership contract in the sum of £368,662 to commence on site circa July 2018 and complete in February 2019
- 1.4 Approve the reduction of leaseholder charges to a maximum of £250 per leasehold address due to the nature of the lift replacement works required.

## **2 Purpose of this report**

- 2.5 The purpose of this report is to outline the procurement options open to Leeds City Council to secure a contract for the manufacture, supply and installation of new passenger and goods lifts for Roxby Close, Lincoln Green and to seek approval to progress with the preferred and recommended procurement route.

## **3 Background information**

- 3.6 Leeds City Council and Zurich Insurance undertake regular service and inspection testing on all lifts in line with the Lifting Operations and Lifting Equipment Regulations 1998 (LOLER)
- 3.1 Roxby Close is a 10 storey high rise block of flats containing 60 flats in Lincoln Green. The block contains 2 passenger lifts which have been identified in need of essential repairs and renewal works to ensure the continual service provided to the block residents.
- 3.2 The estimated value of the works is approximately £454k. Provision for this within the Housing Leeds capital programme has been confirmed as available.

## **4 Main issues**

- 4.1 The previous city wide extended framework arrangements for the manufacture, supply and installation of lifts expired on 31 October 2016. All subsequent lift replacement works for 2017/18 were pre-ordered and included as part of the previous framework extension approval. The preparation of the procurement of city wide replacement arrangements are currently underway and are subject to OJEU procurement timescales and although procurement activity will go live imminently it is not expected that a contract will be in place and available for use until later in the calendar year 2018
- 4.2 There is now a need to undertake a separate procurement to allow arrangements to be put in place specifically to address the requirement to renew and replace the two lifts at Roxby Close.
- 4.3 In discussion with senior managers within Leeds Building Service, operational managers within Property and Contracts and the procurement team, the following procurement options have been considered in line with CPR 3.1.8;
- 4.3.1 **Option 1:** Seek an approval to waiver CPR 9 to invite a tender from a single contractor on the previous lifts manufacture, supply and installation framework, now expired, and to award a contract. The advantage of this approach is that the work to replace the two lifts can be arranged quickly. The lead-in time for manufacturing the lifts remains at circa 16 weeks plus installation time. This would be a relatively quick route and the lift replacement work could potentially start on site around August 2018. However given that only one contractor has been approached under this option, it is not possible to evidence that the council is achieving best value for money.
- 4.3.2 **Option 2:** Seek an approval to waiver CPR 9.2 which relates to all high value procurements (over £100k) and the requirement to seek a minimum of 4 written tenders. This option would seek to undertake a restricted procurement, and invite written tenders from the two main providers on the previous Leeds

Lifts Manufacture, Supply and Installation framework. The timescales for implementing this option are longer although not as lengthy as a full open tender process. The anticipated timescales to start the lift replacement work on site would be late September 2018. However the advantage of this option over option 1 is some market testing will have been demonstrated with regards to value for money.

- 4.3.3 **Option 3: (Recommended Option)** To enter into a direct contract with Lifts Engineering Services (LES) via the Re:allies Partnership. The Re:allies Partnership is a Housing Procurement consortia consisting of CHIC (Central Housing Investment Consortia – based in the Midlands) Efficiency North (of which Leeds City Council is a member) and Procure Plus. The partnership contract in place between CHIC and LES commenced in May 2015 with a 10 year contract period. Leeds City Council will be able to access this arrangement through its membership with Efficiency North. The advantage of accessing this arrangement is that this procurement was competitively tendered at OJEU and has been in place for nearly 3 years. The timescales for delivering the works will be for a start on site during July 2018.
- 4.3.4 **Option 4:** To procure a new contracting arrangement via an open competitive tender specific to the lifts in this block of flats. There are no specific advantages that this option offers against any of the other options and therefore has been discounted
- 4.3.5 **Option 5:** Seek to deliver the works via the proposed new city wide procurement which is currently underway with a view to being tendered during quarter 1 of 2018/19 with an overall anticipated contract commencement date of July 2018. This would be the best option in terms of providing value for money as the works would be delivered as part of a wider contract and would provide best terms of economies of scale from a value for money point of view. However the timescales for physically delivering the works (i.e. replacing the lifts) could mean that the works would not commence on site until around November 2018.

## **5 Corporate considerations**

### **5.1 Consultation and engagement**

- 5.1.6 All local ward members will be notified of upcoming work to properties in their relevant ward areas.
- 5.1.7 Procurement and legal officers have been consulted and involved during the preparation of the tender and contract documents. The mechanical and electrical teams from Property and Contracts have been involved in the preparation of the specification documents.
- 5.1.8 Consultation with the Head of Commercial Management for Leeds Building Services, the Senior Management Team and Chief Officer for Property and Contracts, Housing Leeds on the options within this report has also taken place.
- 5.1.9 There are 2 leaseholders residing at Roxby Close. Due to the nature of the lift replacement works required, and the recommended procurement route, no formal leaseholder consultation will be undertaken through the S20 notice process

(Commonhold & Leasehold Reform Act 2002) thereby limiting the total recharge of costs incurred to £250 per leaseholder.

## **5.2 Equality and diversity / cohesion and integration**

- 5.2.1 An Equality Diversity, Cohesion and Integration Impact screening has been undertaken. This identifies positive impacts for customers and vulnerable tenant groups in terms of improving access to their homes through modern lifts complying with the Equality Act.

## **5.3 Council policies and best council plan**

- 5.3.1 This contract will support and enable the council to maintain safe and cost effective access to its residential and commercial properties and provide value for money through market testing.

## **5.4 Resources and value for money**

- 5.4.2 An estimated provision of £454k is included in the capital programme. The two lifts at Roxby Close are part of the lift replacement programme planned for 2018/19.
- 5.4.1 The delivery of the new contracted works will be managed by the Leeds Building Services and overseen by the Mechanical and Electrical Team within the Property and Contracts division of Housing Leeds.

## **5.5 Legal Implications, access to information and call In**

- 5.5.1 The decision to procure this works is a Key Decision, is subject to call-in and will be published on the Council's Website. There are no grounds for keeping the contents of this report confidential under the Access to Information Rules.
- 5.5.2 The Commercial Team in PPPU have reviewed the advertising of the Partnering Contract and are satisfied that the notice published in OJEU clearly includes the Council within the bodies entitled to use this contract in line with the Public Contract Regulations 2006 and, as far as the Council is aware, is not the subject of any challenge.
- 5.5.3 The term of the Partnership Contract is current and the terms and conditions of the framework are considered acceptable to the Council.
- 5.5.4 CHIC have confirmed that they have consulted with the existing Term Contract partners and that Leeds City Council can join the partnership contract should it need to draw down on this provision both at the current time and over the life time of the partnership.

## **5.6 Risk management**

- 5.6.5 A risk register will be developed as part of the contract implementation which will highlight all risks and register how contract risks will be managed

The main risks associated with this work is around the procurement and subsequent manufacturing timescales on the actual delivery of the lift replacement

works. These risks are deemed to medium risks but will be escalated to a higher level should there be any delays in the procurement timescales.

## **6 Conclusions**

- 6.1 There is a requirement to procure a new contact to deliver the essential replacement of the 2 lifts at Roxby Close in Lincoln Green, Leeds. There are no current contracts in place to draw down from to undertake this work.
- 6.2 Efficiency North is a Leeds City Council approved Procurement Consortia. By utilising the access afforded via Efficiency North and the Re:allies Partnership to the CHIC Lifts Term Partnering contract in place with LES (Lifts Engineering Services), Leeds City Council will be able to put in place new arrangements for these two lifts as soon as possible whilst meeting delivering value for money requirements.
- 6.3 Leeds City Council will be able to access the CHIC Lifts term partnership contract for future lift procurement requirements, which will be subject to further procurement and contract award approvals and satisfactory contract management arrangements put in place
- 6.4 Option 3 is therefore the recommended and preferred procurement route to deliver these two specific lifts at Roxby Close.
- 6.5 The contract will be managed via the Leeds Building Services lifts team with an outturn cost of works of £453k in total.

## **7 Recommendations**

- 7.1 The Director of Resources and Housing is requested to:
- 7.2 Approve utilising the Term Partnering Contract for Passenger Lift Servicing with CHIC (Central Housing Investment Consortia) for lift replacement work delivered by Leeds Building Services and which will be subject to separate contract procurement and contract award approvals..
- 7.3 Approve the procurement and award of new contracting arrangements for two new lifts in Roxby Close, Lincoln Green and enter into a direct contract with Lifts Engineering Services (LES) via the CHIC Partnership contract in the sum of £368,662 to commence on site circa July 2018 and complete in February 2019.
- 7.4 Approve the reduction of leaseholder charges to a maximum of £250 per leasehold address due to the nature of the lift replacement works required

## **8 Background documents<sup>1</sup>**

- 8.1 N/A

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.