

Report of: Head of Commercial Management – Leeds Building Services

Report to: Director of Resources and Housing

Date: 12/06/2018

Subject: Approval of the procurement of a new contract to renew city wide lifts for Leeds City Council.

Are specific electoral wards affected? If relevant, name(s) of ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. 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.
2. 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).
3. There is a requirement to procure a new contract to deliver the essential replacement and renewal of both housing, non-housing and civic estate passenger and goods lifts across the city. There are no current contracts in place to draw down from to undertake this work.
4. It is therefore proposed to procure a new contract by a direct call off using the Term Partnering Contract procured by the Re:allies Partnership.

Recommendations

The Director of Resources and Housing is requested to:

Approve the recommendation to utilising the Term Partnering Contract for Passenger Lift Servicing with CHIC (Central Housing Investment Consortia) for the procurement of a new three year the lift replacement work contract delivered by Lifts Engineering Services (LES) and which will be subject to separate contract award approvals following receipt of tenders.

1 Purpose of this report

- 1.1 The purpose of this report is to outline the procurement options for Leeds City Council to secure a new 3 year contract for the manufacture, supply and installation of new domestic and non-domestic passenger and goods lifts across the city and to seek approval to progress with the preferred and recommended procurement route.

2 Background information

- 2.1. Leeds City Council manages approximately 347 lifts. This includes 260 in Housing Leeds and 87 in other civic buildings. Housing Leeds has an investment strategy in place with a view to replacing/refurbishing the current housing lift stock over the next 30 years. Lifts are scheduled for refurbishment/replacement on the basis of age, number of repairs and anticipated remaining life cycle. In addition, lifts in civic buildings are replaced when required due to failure and being beyond economical repair on an ad hoc basis.
- 2.2. Currently, lifts are maintained through Leeds Building Services, and the investment strategy is based on procuring lifts with sustainable, bespoke specification due to their long life cycles and lower associated maintenance costs.
- 2.3. There is no contract to undertake this work as the previous lifts framework agreement expired on 31 October 2016 and there are no further extension options.
- 2.4. 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). However all renewal and replacement works are normally subcontracted to lift replacement specialists.
- 2.5. A number of these lifts have been identified as high priority to be refurbished or replaced due their condition and age. These have been collated into a programme of works and will be included in this proposed contract.
- 2.6. Provision for this within the capital programme has been confirmed as available and the budget for the refurbishment and replacement of domestic and non-domestic lifts is estimated as following

	Year 1	Year 2	Year 3
	£000s	£000s	£000s
Housing Lifts	3,200	2,000	3,300
Non Housing and Civic Estates lifts	250	250	250
Subtotal	3,450	2,250	3,550
Total proposed contract Value			9,250

This procurement seeks to place works to the value of £9,250k over the next 3 years

3 Main issues

In discussion with senior and operational managers within Property and Contracts, Leeds Building Service, and the procurement team, the following procurement options have been considered in line with CPR 3.1.8;

1. Do Nothing: this would involve having a period of time where there is no investment in the Council's lift stock. This would be unadvisable due to the current need of refurbishment and installations in LCC properties, and an investment strategy is already in place for when this work will be planned to take place. Additionally if any urgent or unforeseen works need to take place a direct call off a framework would be required to enable the works to be procured compliantly.

2. Utilise an existing Framework

a. **Direct call-off from CHIC Framework (Recommended Option):** To seek a single tender and 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. The Director of Resources and Housing has recently approved new contract arrangements for the installation of new lifts at Roxby Close in Lincoln Green. 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 approximate timescales for delivering the works will be for a start on site during September 2018. It is also the view of Property and Contracts officers that the tenders received from LES when applying for appointment onto the Re:allies Partnership represent competitive market prices as these were benchmarked against prices submitted by contractors from the now expired Leeds lifts framework.

b. **Run a mini-competition through a compliant framework to appoint one or more contractors:** This would be utilising other nationally available frameworks such as Fusion 21, YPO or ESPO. The main advantage of this option is that it could potentially provide a more competitive price than a direct call-off in terms of value for money. The timescales involved in running a mini-competition is that it is unlikely that the work will start on site prior to January 2019. Due to the pressing need to mobilise the lift programme and increasing pressure on the budget expenditure requirements for the housing capital investment programme this option is not recommended.

3. Procure a new LCC contract with a sole contractor: This option allows the full programme to be priced up during the tender period, meaning that the Council has a degree of cost certainty and full control of the terms and conditions of its procurement and resulting contract. Contract management costs are kept to a minimum, as there is only one relationship to maintain and develop. However the timescales related to this option are extensive and it is not anticipated that a contract start on site is likely to take place prior to March 2019. Given the

investment and budget expenditure requirements for the lifts programme in 2018/19 this would be discounted as a viable option.

4 Corporate considerations

4.1 Consultation and engagement

All local ward members will be notified of upcoming work to properties in their relevant ward areas.

Procurement and legal officers within Property and Contracts and Procurement and Commercial Services 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.

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.

Leasehold consultation will be undertaken in line with the consultation requirements to be undertaken through the S20 notice process (Commonhold & Leasehold Reform Act 2002)

4.2 Equality and diversity / cohesion and integration

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.

4.3 Council policies and best council plan

This contract will support and enable the council to maintain safe and cost effective access to its residential and commercial properties.

4.4 Resources and value for money

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.

4.5 Legal Implications, access to information and call In

The notice of proposed decision was first published on 26 April 2018. 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.

The Commercial Team in Procurement and Commercial Services 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.

The term of the Partnership Contract is current and the terms and conditions of the framework are considered acceptable to the Council.

CHIC have consulted with the existing Term Contract partners and confirmed that Leeds City Council has joined the partnership contract. This was approved by the Director of Housing and resources on 20/04/2018. Leeds City Council is now able to draw down on this provision both at the current time and over the life time of the CHIC / LCC partnership.

4.6 Risk management

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.

5 Conclusions

- 5.1 There is a requirement to procure a new contract to deliver the essential replacement and renewal of both housing, non-housing and civic estate passenger and goods lifts across the city. There are no current contracts in place to draw down from to undertake this work.
- 5.2 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 requirements as soon as possible whilst meeting delivering value for money requirements.
- 5.3 Leeds City Council is able to access the CHIC Lifts term partnership contract for future lift procurement requirements, which will be subject to further contract award approvals on receiving of tenders and satisfactory contract management arrangements put in place
- 5.4 Option 2a is therefore the recommended and preferred procurement route to deliver these city wide requirements over the next 3 years.
- 5.5 The contract will be managed via the Leeds Building Services lifts team.

6 Recommendations

The Director of Resources and Housing is requested to:

- 6.1 Approve the recommendation to utilise the Term Partnering Contract for Passenger Lift Servicing with CHIC (Central Housing Investment Consortia) for the procurement of a new three year lift replacement contract delivered by Lifts Engineering Services (LES) and which will be subject to separate contract award approvals following receipt of tenders.

7 Background documents¹

N/A

¹ 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.