

Subject:	Procurement of contract for servicing, repair, maintenance and installation of lifts serving Council housing sites		
Date of Meeting:	11th March 2020		
Report of:	Executive Director Housing, Neighbourhoods & Communities		
Contact Officer:	Name:	Miles Davidson	Tel: 01273 293150
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Ward(s) affected:	All		

FOR GENERAL RELEASE**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 The purpose of the report is to seek approval from Housing Committee for the procurement and award of a contract for the servicing, repair, maintenance and installation of lifts across housing sites.
- 1.2 Across the housing stock there are 107 passenger lifts and approximately 140 stairlifts/mobility hoists serviced and maintained through the existing contract.

2. RECOMMENDATIONS:

- 2.1 That Housing Committee delegate authority to the Executive Director for Housing Neighbourhoods and Communities to:
- (i) Procure and award a contract for the services described below for a term of 3 years.
 - (ii) Approve an extension(s) to the contract referred to in 2.1(i) above for a period of up to two years following the initial three year term, subject to satisfactory performance by the provider.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The current contract has provided for the servicing, repair, maintenance and installation of lifts across housing sites since January 2012. The contract with the incumbent contractor, Liftec Lifts Ltd., ends on 1st April 2021 following a 1 year extension to the contract. Since 2011, we've completed replacement or major modernisation works on 63 lifts across the city.
- 3.2 The average value of the servicing and maintenance of our existing lifts is approximately £200,000 per annum, the estimated value over the 5 years of the proposed contract term (including extension) is £1 million. This covers planned maintenance, planned service schedule, reactive repairs and breakdowns.

- 3.3 There are 26 lifts across the city that have not been replaced or modernised through the current contract due to continued levels of good service and reliability. A draft outline programme of planned modernisation and upgrades to a number of these lifts is estimated to have a value up to £3million over the 5 years of the proposed contract term (including extension).
- 3.4 The anticipated value of the services is over the current OJEU threshold and therefore must be procured under the Public Contracts Regulations 2015.
- 3.5 The outline programme of lift replacement/modernisation during the planned contract will be refined and monitored on an ongoing basis to ensure prioritisation of those lifts most in need of upgrade or modernisation. This programme is devised and monitored by the council's own lift engineer, in consultation with colleagues across housing, and is based on age, availability of parts and history of breakdowns and repair. Where a lift is identified for replacement or significant upgrade, appropriate and specific consultation will be carried out with tenants and leaseholders in the affected block at the appropriate time. This includes writing to all residents and inviting all residents to meetings to discuss the proposed works.
- 3.6 Consideration has been given to separating the different elements of the existing contract. This could include separating the servicing and maintenance elements into one contract whilst separately tendering works for lift replacements and upgrades as individual and separate projects.
- 3.7 The preferred option is to tender all works within one contract. Our experience indicates that better reliability and operation of lifts is achieved when the contractor responsible for the installation of a lift is also responsible for the ongoing servicing and maintenance. Additionally, procurement of individual projects such as one off lift replacements would require additional resources being spent on procurement processes and project management of individual projects. It is also likely to lead to an increased risk of inconsistency in delivering projects.
- 3.8 The current contract approach has been successful, being robustly managed by a dedicated council officer and the performance monitored against a set of Key Performance Indicators reported through the housing management performance report. The dedicated contract management includes regular contract meetings and site visits to plan, inspect and sign off works.
- 3.9 A 3 year contract with the option of a 2 year extension can provide good value for money as the costs of services are locked into the length of the contract, and allows the council to build a relationship with the contractor. The procurement of contracts of this complexity is resource intensive and can take around a year to complete. Having to re-procure contracts more frequently would come at a higher administrative cost. Shorter contracts are also less attractive to the market and may lead to less contractors bidding for the works resulting in a less competitive process and higher prices.
- 3.10 Recent decisions to carry out partial upgrades as opposed to replacements provides reassurance that the contract can be well managed and should reassure residents that costly works are not being carried out unnecessarily.

- 3.11 Under a new contract, as with current practice, any new lift installation or modernisation would be specified by the council before being quoted for by the contractor. This would then be scrutinised by the council's own lift engineer and a quantity surveyor prior to approval and works being authorised.
- 3.12 Appropriate engagement and consultation with residents including leaseholders would be carried out throughout the contract procurement exercise. Some leaseholders have previously expressed concern regarding the use of Qualifying Long Term Agreements of this type. The Council has responded to these concerns through previous consultations outlining that contracts of this type allow for consistency of approach, materials and service levels which is more achievable when working with one supplier. Working with multiple contractors could cause delays and would increase the costs of delivering and managing the works, and we need to consider the impact on all residents of any increase in costs.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The future repairs and maintenance programme is bringing in-house the housing responsive repairs and maintenance service as agreed at Housing & New Homes Committee in September 2018. As noted in the report to Committee at that time *'specialist works will continue to be delivered through individual contracts, with reports coming back to committee for authority to procure and award such contracts if required in accordance with the council's Constitution.'* This contract falls within this category.
- 4.2 Lift, servicing, maintenance, repairs and installation is a highly technical and specialist area of work for which we do not have the skills and experience, beyond the contract management function, to deliver in-house.
- 4.3 We estimate that the cost to the council to provide our own 24/7 emergency lift breakdown service would be in the region of £200,000 p.a. in addition to the annual servicing and maintenance costs identified above. Employing a contractor means this cost can be shared across a number of contracts and services.
- 4.4 Repairs and maintenance of lifts requires specialist supply chains that the council does not have access to and would not have the resource and buying power of a specialist contractor working regionally, nationally and internationally across a larger portfolio of lifts. This would present significant risks to the ability to complete repairs quickly and therefore provide a responsive and good value for money service to residents.
- 4.5 The current contract model has provided value for money and has delivered consistently regarding performance across all elements of the contract.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 A briefing paper was presented to Area Panel meetings in February and Leaseholder Action group in March, 2020.

- 5.2 Feedback from Area Panels was positive. Residents fed back that both the engagement and process of lift replacements had been good and well managed. Residents also fed back that the process of modernisation as opposed to full replacement demonstrated a good value for money approach. Panels felt that the dedicated in-house lift engineer had worked well for the council and residents.
- 5.3 In addition to consultation with leaseholders through the proposed procurement of a contract, further consultations with individual leaseholders where works are proposed will be carried out where any individual leaseholder's share of the cost exceeds £250.

6. CONCLUSION

- 6.1 A contract for the ongoing servicing, maintenance and repair of existing lifts in the housing stock is essential to an ongoing safe and reliable service to residents. The option to include lift replacement and modernisations within this contract is considered to be the best value for money in terms of service and delivery of works as outlined above.
- 6.2 If the recommendations at 2.1 are approved, procurement of a new contract will commence with a timetable for completion and mobilisation of a new contract for 1st April 2021.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The proposed contract for the servicing, maintenance, repairs and refurbishment of all HRA lifts will require funding from the HRA Revenue and Capital Programme.
- 7.2 The current existing revenue budget for lift servicing and maintenance is £0.185m per annum.
- 7.3 The latest HRA 30 year Business Plan includes estimated funding requirements of approximately £2.2m over the next 5 years for Lifts. The Capital Programme is reviewed each financial year and will be updated to take account of future estimated costs, funding and profiling of planned modernisation and upgrades to lifts.

Finance Officer Consulted: Name Michael Bentley

Date: 04/02/20

Legal Implications:

- 7.4 The Housing Committee is the appropriate committee for the recommendations set out in paragraph 2 above in accordance with Part 4 of the council's constitution. In order to comply with the Contract Standing Order 3.1, authority to enter into contracts in excess of £500,000 must be obtained from the relevant Committee.
- 7.5 The procurement of the contract must comply with all relevant public procurement legislation and the council's Contract Standing Orders.

Equalities Implications:

- 7.6 The provision of reliable lift services is a significant part of ensuring access for older residents and those with mobility issues in our housing stock. Performance of the contract will be guided by a robust set of Key Performance Indicators to monitor the responsiveness to breakdowns and entrapments. A daily lift report is produced and shared across key housing teams so that impacts of breakdowns on residents can be managed and appropriate support provided as required.
- 7.7 The contract will also provide for the servicing and maintenance of a number of stairlifts and hoists within the housing stock, having a contract in place to deliver these services ensures residents specific needs regarding the mobility equipment in their homes can be maintained, repaired and replaced as quickly as possible to maintain independence and access as far as possible.
- 7.8 Equality Impact Assessments are carried out for individual lift replacement/modernisation projects, feedback from residents is used to inform how projects are delivered and what mitigating measures can be put in place during works. The needs of individual residents are incorporated into assessments and project plans accordingly.

Sustainability Implications:

- 7.9 Carrying out partial upgrades and modernisation of key components in place of full replacements, where appropriate, supports the council's ambitions regarding creating a circular economy by reducing waste.
- 7.10 Where a full upgrade is carried out any useable components are retained and stored locally for use on our own sites.

Brexit Implications:

- 7.11 Dependent on the outcomes of the Brexit negotiations there may be implications for future supply chains and costs. An analysis of the impact of a no-deal Brexit was carried with the existing contractor, these implications may apply to a future contract. For goods manufactured in the EU and sold to the UK there are two potential issues to consider:-
1. A temporary disruption in a contractors ability to import goods into the UK, caused by a lack of agreement between the UK and the EU or the inability of the UK border to implement any new arrangements in an efficient manner.
 2. The need to pass on cost of import tariffs on goods produced inside the EU to customers purchasing those goods within the UK.
- 7.12 Our current contractor has carried out a risk analysis of our current supply chain and contacted our key suppliers to understand what plans they have in place in the event of a 'no deal Brexit'. Suppliers have confirmed they already hold a large stock of critical components in the UK and other suppliers have advised they will either increase their stock in the UK or have already started to source alternative suppliers from outside the EU.

- 7.13 If the recommendation is agreed and procurement of a contract proceeds, cost, supply chain and contractors' ability to maintain a responsive service will be assessed and evaluated as part of the procurement process. Any implications of the final outcome of the Brexit negotiations will be addressed at mobilisation stage of a new contract and where possible mitigation measures will be put in place, i.e. ensuring supply chains are in place and parts are held in the UK where possible.

Any Other Significant Implications:

None

Crime & Disorder Implications:

None

Risk and Opportunity Management Implications:

- 7.14 Risk management forms an integral part of the management of the existing contract and will form a significant element of the procurement exercise if the recommendation is agreed. Prospective contractors approach to risk management will be assessed and evaluated as part of the procurement process, mobilisation phase and ongoing contract management.
- 7.15 There are significant risks associated with not having a contract in place and the impact this may have on the day to day performance of lifts and ability to repair and maintain the existing lifts. We have timetabled this report to allow one year for the procurement exercise to be carried out.

Public Health Implications:

- 7.16 As identified above the inability to provide a reliable lift service to many of our residents would have a significant impact on their wellbeing and quality of life, the council has a duty to promote the health and wellbeing of residents in its area.

Corporate / Citywide Implications:

- 7.17 The services described above are an essential element of our housing provision in the city and align to a number of our corporate priorities in particular 'A Healthy and Caring City – Support people to live independently'.