

Area Panel Briefing Paper

Procurement of contract for servicing, repair, maintenance and installation of lifts serving Council housing sites

10th, 11th, 12th & 13th February 2020

1. Summary

- 1.1 A 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 the 1 year extension to the contract allowed within the provisions. Across the housing stock there are 107 passenger lifts and approximately 140 stairlifts/mobility hoists serviced and maintained through the existing contract.
- 1.2 We will be seeking approval from Housing Committee to procure a new contract covering this work. The proposal is to procure and award a contract for a term of 3 years, with the option of an extension for a period of up to two years following the initial three year term, subject to satisfactory performance by the provider.

2. Background

- 2.1 The average value of the servicing and maintenance of our existing lifts is approximately £200,000 per annum, this covers planned maintenance, planned service schedule, reactive repairs and breakdowns.
- 2.2 Since 2011, we've completed replacement or major modernisation works on 63 lifts across the city. There are 26 lifts, that were identified at the beginning of the contract, 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 over the next 5 years is estimated to have a value up to £3million over the 5 years of the proposed contract term (including extension).
- 2.3 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 councils own lift engineer, in consultation with colleagues across housing, and is based on age, availability of parts and history or breakdowns and repair.

- 2.4 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.
- 2.5 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.
- 2.6 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.
- 2.7 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. 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.
- 2.8 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.
- 2.9 The future repairs and maintenance programme is bringing in-house the housing responsive repairs and maintenance service as agreed at Housing & New Homes Committee, 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.

2.10 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. 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 good value for money service to residents.

3. Tenant and Leaseholder involvement

3.1 Discussion at these Area Panel meetings is a key element of the consultation process. This briefing paper will also be discussed at Leaseholder Action Group on the 2nd March 2020.

3.2 Leaseholders will also be consulted with throughout the procurement process if agreed at Housing Committee to proceed to procure.

3.3 All residents would be consulted with regarding a lift replacement or significant modernisation prior to works commencing, this would include resident meetings.

3.4 Leaseholders would also be consulted through the section 20 process on any proposed lift works where the leaseholder contribution would exceed £250.

4. Next Steps

4.1 A report is due to be presented to Housing Committee on 11th March seeking approval to delegate authority to the Executive Director for Housing Neighbourhoods and Communities to:

- (i) Procure and award contracts 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.

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