

Homes and Neighbourhoods
Housing Property Services
Islington Town Hall
N1 2UD

Report of: Executive Member for Homes and Communities

Meeting of: Executive

Date: 13th October 2022

Ward(s): Highbury West and Bunhill

Subject: Procurement Strategy for Lift Renewals at Harvist Estate and St Luke's Estate

1. Synopsis

1.1 This report seeks pre-tender approval for the procurement strategy in respect of lift renewals at the Harvist Estate and St Luke's Estate in accordance with Rule 2.8 of the council's Procurement Rules.

1.2 The council seeks to procure a suitably qualified contractor to:

Renew and modernise the eight lifts on the Harvist estate. The works will be compliant with current regulations. Included in the works will be new lift machine, controller, lift car, landing entrances, a full rewire and the inclusion of the lifts stopping at all floors.

Renew and modernise the eight lifts on the St Luke's estate. The works will be compliant with current regulations. Included in the works will be new lift machine, controller, lift car, landing entrances and a full rewire.

2. Recommendations

- 2.1 To approve the procurement strategy for lift renewals at the Harvist Estate and St Luke's Estate as outlined in this report.
- 2.2 To note, these works are to be procured as one project package with a single specialist lift contractor undertaking these works.

3. Background

3.1. **Nature of the service**

3.1.1. Lift Renewals at Harvist Estate and St Luke's Estate.

Harvist Estate has eight lifts in four blocks, with each block containing two lifts. One lift serves odd floors, and the other lift serves even floors. All four blocks are high-rise and are nineteen floors in height, the lifts were last modernised in 1990 making them 32 years old.

St. Luke's Estate has eight lifts in four blocks, each block containing two lifts. One block is a high-rise and three are mid-rise, the lifts were last modernised in 1990 making them 32 years old.

3.1.2. The works at both estates are recommended as part of the lift replacement cycle as the lifts are all over 30 years old.

3.1.3. Industry recommendations state:

The Chartered Institution of Building Services Engineers (CIBSE) suggests within their Guide D to Transportation systems in buildings, that the typical life of a lift can be between 20 and 25 years for an electric traction lift.

The lift governing body LEIA (Lift and Escalator Industry Association) states as a general guide, providing proper maintenance has been undertaken, generally geared type lift equipment can have a life expectancy of 25 years for the main components and 15 years for the control systems, and advises upgrading / modernisation after 25 years.

3.1.4. A technical feasibility report has been undertaken following a site survey of the lifts. This report sets out why the works are recommended and details the proposed works. Critical components have become obsolete and breakdowns have increased.

- 3.1.5. The feasibility report details the criteria and reasons for the proposed work, and the historic repair data support the recommendation to replace the lifts.

The criteria used for the feasibility report are:

- The age of the lift.
- Breakdown history.
- Availability of spare parts.
- CIBSE Guide 'D' and LEIA advisory of 25 years.
- Insurance report findings and recommendations.
- Accessibility to the lift entrances (Harvist Estate only).

3.2. **Estimated value**

- 3.2.1. Harvist Estate: The estimated total cost for the proposed works at the Harvist Estate will be approximately £3,080,000, delivered over a 45-month period. The modernisation of the project is estimated at 33-month period, with a 12-month Defects and Liability Period (DLP) in addition. There are four blocks onsite at the Harvist estate. Only three blocks were highlighted in the 2020/2021 report.

St Luke's Estate: The estimated total budget cost for the proposed works at the St Luke's Estate will be approximately £1,700,000, delivered over a 30-month period. The modernisation of the project is estimated at 18-months, with a 12-month Defects and Liability Period (DLP).

- 3.2.2. The approximate spend on the last two lift refurbishment projects:

North of the borough: Refurbishment of five (5) low rise passenger lifts total approximate spend £705,000.

Mayville Estate Phase: Refurbishment of six (6) low rise passenger lifts total approximate spend £1,200,000.

- 3.2.3. Current market analysis tells us that maintaining the current lifts would be more expensive than replacing them as parts become obsolete. Therefore, it would be advisable to replace all the lifts rather than individual parts as they breakdown.
- 3.2.4. By completing both estates as one, project time, costs and resources will be saved as there will be only one contractor to manage; and as the project is large, better value for money will be achievable.

3.3. **Timetable**

3.3.1. The Council is looking to procure these works via the South East Consortium (SEC) Lifts Framework - Passenger Lift Installations. A mini competition will be used to call off from the framework agreement for works at both Harvist Estate and St. Luke's Estate.

3.3.2. Leaseholders will be consulted in line with current council procedures and in accordance with the requirements of Section 20 of the Landlord and Tenant Act 1985.

- The anticipated date for the mini competition is approximately January 2023.
- It is anticipated that the evaluation of submitted tenders will be completed by approximately March 2023.
- Work will be scheduled to start on site approximately October 2023.
- Harvist Estate: The project is expected to take 45 months to complete which includes 12 months Defects and Liability Period (DLP).
- St Luke's Estate: The project is expected to take 30 months to complete which includes 12 months Defects and Liability Period (DLP).

3.3.3. It is intended that these works progress ahead of a separate cyclical Capital Improvement scheme at the Harvist Estate.

3.3.4. It is also the intention to programme works to start first at Bath Court on the St. Luke's Estate as this has become a high priority.

3.4. **Options appraisal**

3.4.1. Four options have been considered:

1. To deliver the works in-house.
2. To procure a standalone Islington Council contract as a two-stage advertised tender.
3. To procure using the Camden Local Authority framework agreement.
4. To procure through an existing framework agreement (SEC).

Options For Appraisal	Benefits	Drawbacks
In-house.	By having an in-house team, the council would be in control of employment terms and conditions, management, staff development and work continuity.	The council does not have the required specialist skills in house to be able to undertake these renewal works. The council does not currently employ suitably qualified site based engineers who could be sufficiently resourced to carry out the works, and it would not be possible to recruit and resource all the equipment needed to complete the works in the same timeframe.

Standalone Tender Process.	Projects are advertised to the open market, so there is a possible wider range of suitable contractors who may express an interest.	Conversely, the process relies on suitable contractors expressing interest in these works, and there is a risk that many unsuitable contractors may apply.
		The two-stage process takes longer to procure and to evaluate as all submitted SQs (Selection Questionnaires) need to be evaluated, then Invitations to Tender despatched to a shortlist of those who pass SQ (Selection Questionnaire) stage, then returned tenders evaluated before an award may be made.
Camden Local Authority Framework.	All the framework documents are already established and in use.	The framework is limited to two active contractors.
		The framework agreement Specification is different to the Islington Council lift specification.
		The framework is linked with the maintenance contract so the schedule of rates would be different and the agreement with the contractors and the terms and conditions would need amending that may not be favourable.
Mini competition via the SEC framework agreement.	The SEC Lifts framework agreement already has a pool of specialist lift contractors who are suitably qualified and experienced to work on Islington lift replacement programmes.	Risk of insufficient interest from the suitably experienced and qualified contractors that are on the SEC framework agreement.

	The SEC has completed the first stage of prequalifying criteria removing the need for Islington to have a two stage procurement process, saving time and resources.	
	More efficient procurement means lift replacement works can be undertaken sooner, and a reduction in the backlog of legacy lift renewal works.	
	Works will be procured using the Islington council technical specification and tender documents tailored to the council's requirements.	
	Use of further competition process offers the possibility of achieving good value for money.	

3.4.2. Using the SEC framework agreement is the recommended procurement route.

3.5. **Key Considerations**

3.5.1. Delivering social value to Islington residents will be a contractual obligation for the successful contractor. A clear set of rigorous social value measures and targets will be included in the contract documents and social value will form an essential element of the quality evaluation. The bidders will be asked to explain in the mini competition their approach towards social value measures such as educational events for the local community, schools talks and open days, apprenticeships (where applicable), work experience placements and job shadowing (however due to the health and safety aspects of the works this would likely be office based). Performance in relation to social value will be monitored at regular contract meetings.

Environmental factors such as reducing CO2 emissions and air pollution within the borough will be considered. This includes the use of energy saving parts (where applicable), as well as environmentally friendly vehicles and optimising journey routes and times to reduce the amount of travelling undertaken and the contractor's policy to waste, recycling and reusing equipment.

- 3.5.2. The project will have a positive impact on all residents on the two estates. There will be improved reliability by the installation of a new lift. It will also have a positive impact especially for those with specific access requirements such as wheelchair users, mobility impairments and elderly residents due to the fact the new lift will be compliant with The Equality Act 2010.
- 3.5.3. The project will also benefit the local economy as operatives will be utilising local businesses for hospitality while on site.
- 3.5.4. While there is not a dedicated lift supplier in Islington there is the potential of using local supply chains in the borough for basic materials.
- 3.5.5. A requirement for the payment of London Living Wage will be included as a condition of this contract. The current market pays above London Living Wage for lift engineers
- 3.5.6. BREEAM (Building Research Establishment Environmental Assessment Method) is an internationally recognized green building rating system developed by Building Research Establishment (BRE).

The Contractor will be required to cut on-site energy consumption and building carbon footprint with an in depth analysis of traffic patterns and the energy consumption and potential carbon footprint reduction of lifts operational lifespan.

The Contractor will be required to meet BREEAM prerequisites and supply solutions that contribute to achieving BREEAM credits.

- 3.5.7. TUPE will not apply for this contract.

3.6. **Evaluation**

This contract will be competitively tendered via a mini competition exercise. Islington Council will submit a specification, method statement questions, and pricing document specific for the works to be procured.

The cost and quality elements of the tender for contractors to join the SEC Lifts framework agreement were evaluated at 40% cost and 60% quality. The quality elements of the assessment were:

1. Ensuring quality of work on site and meeting customer specifications.
2. Adequate procedures for working in occupied buildings - including the control of noise and dust.
3. Procedure for dealing with defects on installations.

The council will conduct a mini competition exercise, evaluation and analysis, using the following award criteria:

50% Cost

50% Quality of which 20% is for Social Value

Quality sub-criteria:

1. Proposed approach to Social Value and promoting opportunities for residents and the wider community to include educational events, schools talks and educational open days, approach to achieving BREEAM credits, environmental impact, energy reduction, waste reduction, recycling, etc. (20%).
2. Proposed approach to resourcing, mobilisation and delivery of the contract (10%).
3. Proposed approach to customer services (10%).
4. Proposed approach to quality management (5%).
5. Proposed approach to health and safety (5%).

3.7. **Business risks**

- 3.7.1. With the inclusion of the lifts stopping at all floors at the Harvist Estate this has implications that will need due consideration with residents and stakeholders as the nature of cutting out the lift entrances in a solid concrete wall will be time consuming, costly and noisy this will have negative impacts on the residents whilst these works are undertaken in the blocks.

The specification will state noisy works are to be undertaken between 10am and 4pm Monday to Friday. Were additional restrictions to be applied these would result in increased cost and a longer programme, and impact on another scheduled separate cyclical Capital Improvement scheme at the Harvist Estate.

3.7.2. The procurement risks are:

- Insufficient interest from the suitably experienced and qualified contractors that are on the SEC framework agreement.
- Increased tender values resulting from market fluctuations.
- Manufacturers' supply chain issues due to external factors.

The risks noted are offset by cost estimation and the council's understanding of market increases. The scope of works ensures these works are to be delivered efficiently to quality, cost and to the current standards.

For the duration of the contract, risks are to be managed by the application of the following measures:

- Robust Risk Assessment Method Statements (RAMS).
- Carrying out regular progress meetings with the contractor appointed to do the work.
- Regular communication updates to residents affected by the work to ensure they are aware of ongoing progress or any delays which may arise.
- Managing resources against the contractors' program of works.

Many residents are reliant on lifts for both themselves and their visitors to access their properties and the wider community. Failure to keep the lifts in good working order and not being serviceable due to the age of the lifts would result in vulnerable residents being unable to leave or access their homes or the essential services they require.

Leaseholders pay service charges for lifts and expect lifts to be constantly operational. There are significant reputational risks if our lifts are breaking down due to their age. These risks will be mitigated by ensuring a lift renewal contract is procured within the given timescales to ensure continuous delivery of this necessary service.

3.8. The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to complete an anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences.

3.9. The following relevant information is required to be specifically approved in accordance with rule 2.8 of the Procurement Rules:

Relevant information	Information/section in report
1. Nature of the service	To modernise the lifts as advised by CIBSE Guide 'D', LEIA and statutory regulations See paragraph 3.1
2. Estimated value	The estimated value for the project: Harvist Estate £3,080,00 St Luke's Estate £1,700,000 See paragraph 3.2
3. Timetable	As outlined in this report. See paragraph 3.3
4. Options appraisal for tender procedure including consideration of collaboration opportunities	The contract will be competitively tendered by using the SEC Framework agreement. See paragraph 3.4
5. Consideration of: <ul style="list-style-type: none"> • Social benefit clauses; • London Living Wage; • Best value; • TUPE, pensions and other staffing implications 	Social benefits London Living Wage TUPE will not apply this contract. See paragraph 3.5
6. Award criteria	50% Cost 50% Quality of which 20% is for Social Value See paragraph 3.6
7. Any business risks associated with entering the contract	Business risks and mitigation are identified within the body of the report See paragraph 3.7

8. Any other relevant financial, legal or other considerations.	Financial considerations See paragraph 4
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4. Implications

4.1. Financial Implications

- 4.1.1. This report recommends option 4 - the South East Consortium (SEC) framework for Passenger Lift Installations as the procurement route to facilitate a programme of lift renewal & modernisation works at St Lukes and Harvist estates (the contract is intended to commence in October 23 and take around 2 ½ years to complete)
- 4.1.2. The estimated cost of these works (as referenced in the report) total **£4.780m** (St Luke's - £1.700m & Harvist - £3.080m)
- 4.1.3. The specific HRA major works capital budgets identified as being available to fund this project are as follows:
- YHH1846 – £1.700m in the 22-23 new starts prog. (Approved as part of the 22-23 budget setting process at a summary level)
 - YHP0862 – £720k approved as part of the 22-23 budget setting process at a scheme level.
 - YHP0890 - £2.000m budget to be transferred from a generic “Lift Resources” code to a scheme specific code YHH1845 – (approved as part of the 22-23 budget setting process at a scheme level).
 - Totalling specific resources of **£4.420m**
 - As such a budget pressure of **£360k** arises at this stage, it is anticipated that as the scheme progresses this budget pressure can be met from the wider HRA major works capital budget, which currently totals £197.2m over the period 22-23 to 25-26. However, it should be noted that accommodating this increased cost may require other schemes to be delayed.

4.2. Legal Implications

- 4.2.1. The council is responsible for undertaking the repair, maintenance and improvement of its housing properties and installations therein (Part 2 of the Housing Act 1985 and section 111 of the Local Government Act 1972). The Council has power to enter into such contracts under section 1 of the Local Government (Contracts) Act 1997. Legal requires five working days for implications to be reviewed.
- 4.2.2. The proposed contract is a contract for works which is below the threshold of £5,336,937 for application of the Public Contracts Regulations 2015 (the Regulations). The council's Procurement Rules require contracts of this value to be subject to competitive tender. The proposed procurement strategy is to call for

a mini-competition under the South East Consortium (SEC) Framework for Passengers Lift installations which is in compliance with the principles underpinning the Regulations and the council's Procurement Rules.

- 4.2.3. On completion of the procurement process the contract may be awarded to the highest scoring mini-tenderer subject to the tender providing value for money for the council.
- 4.2.4. The proposed contract is for a period in excess of 12 months and therefore will be a qualifying long term agreement under section 20 of the Landlord and Tenant Act 1985. Accordingly the council will need to comply with the leaseholder consultation requirements applicable to long term qualifying agreements set out in the Service Charges (Consultation Requirements) (England) Regulations 2003 (as amended).
- 4.3. **Environmental Implications and contribution to achieving a net zero carbon Islington by 2030**

- 4.3.1. The Contractor will be required to adhere to requirements of the Council's HSE Code of Conduct for contractors and appropriate legislation. The Contractor will be required to ensure that waste materials are kept to a minimum and that waste and redundant materials leaving sites are recycled or reused where practicable. The Contractor will be required to keep the printed circuit boards taken from the current Lift Controllers to be reused as spares for the maintenance team. The Contractor will have a duty of care to ensure that any waste disposal is done in accordance with waste hierarchy and appropriate legislation. All environmental, health and safety precautions are to be observed while operatives are working with oil, and on completion of work any old oil should be transported by a licensed contractor to be disposed of safely and should never be stored on site.

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The Contractor will be required to meet BREEAM prerequisites and supply solutions that contribute to achieving BREEAM credits.

Environmental considerations for this contract include CO2 emissions from vehicle use and the Contractor should optimise deliveries to minimise the number of journeys taken. Contractors will be encouraged to use Zero emission vans when making deliveries or travelling to site.

The Contractor will install modernised lifts that will have LED lighting. The lift cabin light and indicators will be enabled to shut down for the duration of low use i.e., 10pm - 6am. This function will contribute to a 30% savings of energy through these lift functions. The lift controllers will have modern inverters which regulate the power consumption using less power when the lift is slowing down. The lift machines will be more efficient and maximise energy reduction measures. A design of the lift at tender for a 2:1 roping configuration where this is a viable will be considered as there will be a further energy consumption saving on the use of the lift if this can be implemented.

The total actual energy saving will be confirmed once the detailed design has completed by the installing Contractor.

4.4. **Equalities Impact Assessment**

4.4.1. The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

4.4.2. An Equalities Impact Assessment was completed on 25/07/2022. The main findings are:

- The works will mean that lifts are temporarily out of service, this may be of inconvenience to some residents, for example the elderly, disabled, or residents with young children.
- However, prior to works, consultation with residents and Members will be undertaken at least six months before the project is due start, and throughout the project, to identify and arrange alternative arrangements for vulnerable residents as so far is reasonably practicable. The resident steering group will play a key role in supporting this consultation.
- In exceptional circumstances this may entail a temporary decant while service is interrupted. However, in the longer term, the works will improve the reliability of the affected lifts. This project therefore has both positive and negative impacts, with the positive outweighing the short-term negative impacts.

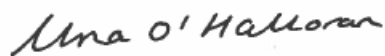
5. Conclusion and reasons for recommendations

- 5.1. It is recommended that the lift renewals at the Harvist Estate and St Luke's Estate as outlined in this report are approved to ensure the compliance of the lifts, increase their availability and reduce maintenance shutdowns.

Appendices: Equality Impact Assessment

Final report clearance:

Signed by:

A handwritten signature in black ink that reads "Anna O'Halloran". The signature is written in a cursive style and is centered within a white rectangular box.

Executive Member for Homes and Communities

Date: 27 September 2022

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