

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

Report of: Executive Member for Homes and Communities

Meeting of: Executive

Date: 20 July 2023

Ward(s): Arsenal and Bunhill

The appendix to this report is exempt and not for publication

Subject: Contact Award for Lift Renewals at Harvist Estate and St Luke's Estate

1. Synopsis

- 1.1. This report seeks approval to enter into a contract with a single contractor in respect of Lift Renewals at Harvist Estate and St Luke's Estate. This report details the process undertaken and the outcome of the procurement process.

2. Recommendation

- 2.1. To approve the award of the contract for Lift Renewals at Harvist Estate and St Luke's Estate to Amalgamated Lifts Limited, for the sum of £5,169,906

3. Background

3.1. Nature of the service

- 3.1.1. The proposed work involves the modernisation of eight existing passenger lifts on the Harvist Estate and eight existing passenger lifts on the St Luke's Estate. This contract is necessary in order to be able to comply with the council's obligation to repair, maintain and improve the main structure, common parts and communal services to our buildings.

3.1.2. The economic life of the lifts has expired with breakdowns increasing and parts are becoming redundant as they are no longer supported by the manufacturer. Now that the lifts are over 30 years old, they require modernisation as part of the cyclical lift replacement programme using guidance provided by Chartered Institution of Building Services Engineers (CIBSE) Guide D (Transportation systems in buildings). Market analysis has told 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 break down.

3.1.3. For the above reasons, a procurement strategy report was agreed by the council Executive on 13 October 2022 approving a procurement exercise to secure a contract with a suitably qualified contractor to complete the refurbishment of these lifts. The procurement exercise as set out in the procurement strategy has now been completed and approval is now sought to issue the contract to the successful contractor.

3.2. **Tendered value**

3.2.1. Harvist Estate: The tendered total cost for the proposed works at the Harvist Estate will be £3,400,656.

3.2.2. St Luke's Estate: The total tendered cost for the proposed works at the St Luke's Estate will be £1,769,250.

3.2.3. 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. In line with council procedures and in accordance with the requirements of Section 20 of the Landlord and Tenant Act 1985, the council leaseholders were consulted on the intention to carry out the work by letter and the Notice of Intent consultation period expired on 20 January 2023. A second Notice of Estimate letter was issued on 13 April 2023, after the completion of the procurement exercise. Leaseholder consultation meetings took place on 18 April 2023 for the St Luke's Estate and on 19 April 2023 for the Harvist Estate.

3.3.2. The Section 20 Notice of Estimate consultation period expired on 15 May 2023 all observations were resolved from consultation.

3.3.3. Work will be scheduled to start on site in November 2023. This gives the contractor a lead in time of approximately 15 weeks after the contracts have been signed.

- Harvist Estate: The project is expected to take 45 months to complete which includes a 12-month defects and liability period.
- St Luke's Estate: The project is expected to take 30 months to complete which includes a 12-month defects and liability period.

3.4. **Options appraisal (Procurement)**

3.4.1. Four options were 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 provided by South East Consortium.

3.4.2. The procurement strategy outlined the benefits and drawbacks of each option, and the recommended option was run a mini-competition between the suppliers on the South East Consortium framework agreement.

3.5. **Key Considerations**

3.5.1. Delivering Social Value to Islington residents will be a contractual obligation for the successful contractor. Performance in relation to social value will be monitored at regular contract meetings.

3.5.2. The following Social Value pledges will be delivered as a direct result of winning this contract:

- A young person from the London Borough of Islington to join the business and be enrolled on their apprenticeship scheme.
- Five hours of staff time speaking to local school and colleges.
- To gift 0.5% of the total contract sum as a charitable donation to a local charity initiative within the borough of Islington.
- 20 hours of volunteering with environment conservation projects.
- Five hours of staff time speaking to local small and medium-sized enterprises.

- 3.5.3. As part of this contract, a pledge was made to reduce CO2 emissions on the contract achieved through de-carbonisation.
- 3.5.4. A commitment to use new vans that have the lowest CO2 emissions for travelling in and out of the London ultra low emission zone, or the use of hybrid and electric vehicles, in an attempt to reduce pollution outputs.
- 3.5.5. The project will have a positive impact on all residents on both estates. The modernised lifts will deliver improved reliability. It will also have a positive impact especially for those with specific access requirements such as wheelchair users, mobility impairments and elderly residents.
- 3.5.6. The project will also benefit the local economy as operatives will be utilising local businesses for hospitality while on site.
- 3.5.7. 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.
- 3.5.8. 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.
- 3.5.9. 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 lift usage 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.
- 3.5.10. TUPE will not apply to this contract.

3.6. **Evaluation**

- 3.6.1. South East Consortium conducted a mini-competition via the Lifts Framework – Lot 2 -Passenger Lifts Installations on behalf of Islington Council using the council's specification, method statement questions and pricing document specific for the works to be procured.
- 3.6.2. The mini-competition was evaluated against the following award criteria:
50% cost and 50% quality (including 20% Social Value)

Quality sub-criteria:

- What Social Value initiatives will you deliver to improve the economic, social, and environmental wellbeing of Islington Residents (20%)
- Proposed approach to resourcing, mobilisation and delivery of the contract (10%)
- Proposed approach to customer services (10%)
- Proposed approach to quality management (5%)
- Proposed approach to health and safety (5%)

The recommendation is to award the contract to the bidder who achieved the highest combined score for cost and quality. The recommended bidder scored 45.95% for cost and 40% for quality, overall combined score 85.95%.

3.7. **Business risks**

3.7.1. Many residents and their visitors are reliant on lifts to access their properties and the wider community. Failure to keep the lifts in good working order due to their age would result in vulnerable residents being unable to leave or access their homes or the essential services they require.

3.7.2. There are significant reputational risks if our lifts are breaking down due to their age. Leaseholders pay service charges for lifts and expect them to be constantly operational.

3.7.3. For the duration of the contract, risks will be managed using 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.

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.

4. Implications

4.1. Financial Implications

4.1.1. This report is to award a contract for capital works to renew lift facilities at the Harvist Estate and the St Luke's Estate. The expected cost of the proposed works is £5.170m which will begin in 2023/24 and continue until 2026/27. The budget set out in the table below has been set through the 2023/24 budget setting process for the HRA Major Works Programme. There is a specific budget for lift works at the Harvist Estate (YHH1845) and St Luke's Estates (YHH1846) of £3.050m as laid out in the table below.

| Cost Centre | Scheme Title | Budget approved at budget setting 23-24 | | | |
|---------------------|------------------------|---|------------------|------------------|------------------|
| | | 2023/24 | 2024/25 | 2025/26 | Total |
| YHH1845 | Harvist Estate | 175,000 | 675,000 | 500,000 | 1,350,000 |
| YHH1846 | St Luke's Estate Lifts | 250,000 | 650,000 | 800,000 | 1,700,000 |
| YHP0805 | Lift resources (18-19) | | 357,441 | | 357,441 |
| YHP0862 | Skip / Stop Resources | 370,000 | 350,000 | | 720,000 |
| Total Budget | | 795,000 | 2,032,441 | 1,300,000 | 4,127,441 |

4.1.2. This means that there is an additional requirement or growth of £2.120m. Some of this budget pressure could be met from the wider HRA major works (Lifts) capital budget (YHP0805 and YHP0862) which totals £1.077m, leaving a balancing pressure of £1.043m which will need to be funded. It should be noted that accommodating this net growth of £1.043m will require other schemes to be curtailed/delayed or stopped.

Fees associated with the capitalisation of Property Services salaries are likely to be accommodated within the capital salaries budget.

Appendix A sets out the works cost by each element.

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.

- 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 contract has been procured by way of 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 mini-competition evaluation, Amalgamated Lifts Limited achieved the highest combined score for cost and quality, Accordingly, the contract may be awarded to Amalgamated Lifts Limited subject to the tender providing value for money for the council and that funding is secured as detailed in the Financial Implications.
- 4.2.4. The proposed contract is for a period in excess of 12 months and is therefore a qualifying long-term agreement under section 20 of the Landlord and Tenant Act 1985. As stated in the report, the council has complied 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. Environmental Implications where reviewed and accepted by the Energy Services team on 12 July 2022 and a summary was documented in the procurement strategy.
- 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 July 2023. The main findings were:

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 the recommendation

- 5.1. Following the mini-competition exercise, the scores from the cost and quality criteria were combined and the winning submission was from Amalgamated Lifts Limited.
- 5.2. This tender was evaluated to be the most economically advantageous and the recommendation is for this company to be appointed to undertake the works.
- 5.3. It is recommended that the contract award for lift renewals at the Harvist Estate and St Luke's Estate is approved to ensure the compliance of the lifts, increase their availability and reduce maintenance shutdowns.

Appendices:

- Summary and scores from the mini-competition. This appendix is exempt.
- Equalities Impact Assessment

Background papers:

- None

Final report clearance:

Authorised by:

Executive Member for Homes and Communities

Date: 10 July 2023

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