

<b>REPORT TO:</b>	<b>Cabinet 19 September 2016</b>
<b>AGENDA ITEM:</b>	<b>11.2</b>
<b>SUBJECT:</b>	<b>Planned Maintenance &amp; Improvements- Provision of Lift and Escalator refurbishment, call-out and servicing of the Council's properties - recommendation of award</b>
<b>LEAD OFFICER:</b>	<b>Jo Negrini, Chief Executive Stephen Tate, Director of District Centres and Regeneration</b>
<b>CABINET MEMBER:</b>	<b>Councillor Alison Butler Deputy Leader and Cabinet Member for Homes, Regeneration &amp; Planning Councillor Simon Hall Cabinet Member for Finance and Treasury</b>
<b>WARDS:</b>	<b>ALL</b>

**CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON**

These works meet the Council's Corporate priorities to:

- Provide Value for Money to its residents through the delivery of the Planned Maintenance and Improvements Programme to the Council's housing stock
- Improve our Assets through investment in our housing stock
- Improving health and well-being through decent homes and neighbourhoods
- Contribute to the local economy and environment
- Improve Corporate Social Responsibility opportunities
- Include the Council's commitment to the London Living Wage

The decision also supports Croydon's vision to be an enterprising; caring; sustainable and learning city.

Through the award of a long-term partnering relationship the Council will continue to maintain and improve lifts in its housing and civic stock (excluding BWH) as well as responding to breakdowns and entrapments. In this way the Council as a responsible landlord continues to fulfil its health and safety regulatory responsibilities.

The Council together with the recommended service provider will jointly deliver a contract providing a range of benefits including demonstrable value for money; a commitment to the London Living Wage and a clear social value offer aiming to benefit both local businesses and local people including apprenticeships and training.

Finally, ICT enhancements including digital enablement; a comprehensive key performance indicator (KPI) regime, robust governance and contract management lie at the heart of delivery to ensure that there are long term benefits for Croydon.

**FINANCIAL IMPACT:**

The outcome of the procurement carried out identifies that enhanced services will continue to be delivered within existing Housing revenue account and General fund budgets. Further information is contained within Part B.

**KEY DECISION REFERENCE NO: 23/16/CAB**

This is a key decision as defined in the Council's Constitution. The decision may be implemented from 1300 hours on the expiry of 5 working days after it is made, unless the decision is referred to the Scrutiny & Strategic Overview Committee by the requisite number of Councillors.

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below

**1. RECOMMENDATIONS**

The Cabinet is recommended to:

- 1.1 Agree that Bidder A (as detailed in the associated Part B report on the Agenda) is appointed to preferred bidder status to deliver lift and escalator refurbishment, servicing and call outs under a term partnering contract to Council homes and corporate estate (excluding Bernard Weatherill House) for an initial period of 5 years with options to extend up to a maximum period of 14 years (comprising 5 years plus 3 years plus 3 years plus one plus one plus one) and upon the terms detailed within this and the associated Part B report;
- 1.2 Subject to completion of Section 20 Stage 2 Leaseholder consultation, agree the subsequent award of the contract for the provision of Lift and escalator refurbishment, servicing and call outs, and its completion, to Bidder A and
- 1.3 Note that if the outcome of the Section 20 consultation makes it necessary that the matter be brought back to the Director of District Centers and Regeneration for further consideration but that otherwise that the name of the successful bidder and price will be published further to 1.2 above.

**2. EXECUTIVE SUMMARY**

- 2.1 At its meeting on 29 September 2014 Cabinet approved the procurement strategy for delivery of the Council's Planned Maintenance and Improvements Service (PMI) including lift and escalator refurbishment, servicing and call outs (the services) by way of a single contract for an initial period of five years with options to extend up to a maximum period of 14 years (comprising 5 plus 3 plus 3 plus 1 plus 1 plus 1) at a maximum total contract value of £10 million as per the Official Journal of the European Union (OJEU) notice. The works will be

delivered to the Council's homes and corporate estate (excluding Bernard Wetherill House) including leasehold properties. These services include call-out servicing, maintenance and refurbishment of lifts and escalators within the housing and corporate building stock with the option to include schools on an individual basis. The contract excludes lift refurbishment to corporate stock.

- 2.2 This report details the procurement process and recommends the award of preferred bidder status to Bidder A who has submitted the most economically advantageous tender award for the provision of the services. Further details are provided within the associated Part B report on this agenda.
- 2.3 Section 3 of this report sets out the background to the project, the procurement approach and the evaluation process for the selection of the preferred bidder.
- 2.4 The proposed contract has been commissioned and procured to support Croydon as a responsible landlord. The proposed contract additionally provides for:
  - robust governance and contract management including a comprehensive suite of key performance indicators (KPIs)
  - a commitment to the London Living Wage
  - maximisation of social value outcomes
  - maintaining or improving customer satisfaction throughout consultation and delivery of services
- 2.5 Both the contract form and the commercial arrangements allow the Council significant flexibility in amending the value of works and services instructed on an annual basis should that be necessary.
- 2.6 The contract commencement date will be 1<sup>st</sup> April 2017 for an initial period of 5 years with options to extend up to a maximum period of 14 years as described in 2.1 above.
- 2.7 The content of this report has been endorsed by the Contracts and Commissioning Board.

<b>CCB Approval Date</b>	<b>CCB ref. number</b>
03/08/2016	CCB1159/16-17

### **3. DETAIL**

- 3.1 During September 2013, the Council undertook a review of all planned maintenance and improvements across the Council (not just for housing dwellings), as an opportunity to assess the ability to achieve continued improvements in service delivery and commercial arrangements, while also securing significant efficiency savings. The strategic sourcing plan that resulted from this review identified opportunities for collaborative procurement across Council services to obtain economies of scale and streamline contract administration. This gave rise to an enhanced scope of contract to be delivered, as proposed in the procurement strategy and recommendation 1.1 above,

whereby the Council can also take advantage of the proposed contract to be awarded across its housing and corporate stock.

3.2 The procurement process described below embedded a number of initiatives aimed at ensuring that the contract that will ultimately be awarded best meets Croydon's existing and emerging requirements. This includes:

- One lead provider for both housing and corporate stock allowing for efficiencies and economies of scale
- Implementation of a 'Strategic Partnership Alliance' between housing-related service providers. This collaboration will deliver benefits including further enhanced social value outcomes delivered across all providers as well as other innovative outcomes for example whole life costing reviews and a joint approach to environmental investment
- Building on the existing APEX asset management IT system within the Council, deliver digital enabling through the incorporation of new functionality including web-based access for service delivery partners and mobile working solutions
- A long-term partnering contract (TPC2005) that through its structure provides:
  - Significant flexibility to respond to either budget increases or decreases year on year, or the provision to not allocate any work at all
  - A contract form that includes the requirement for a London Living Wage
  - A set of requirements that will not only drive continuous improvement but also focus on robust and comprehensive governance requirements underpinned by a challenging and comprehensive suite of KPIs. Use of KPIs as a contract management tool has been enhanced by including the loss of profit should performance drop below a minimum defined level. Specifically loss of profit applies to all social value indicators and those which relate to work being completed to time and cost
- Social value and community benefit requirements that fully align with Croydon's social value toolkit and can demonstrate local benefit for the supply chain and employment and training

3.3 Procurement of this contract follows an unsuccessful procurement exercise conducted in early 2016 where the final result was unsatisfactory from a price and quality perspective and, as such the Council restarted the process adopting a new quality/cost split as detailed below. The revised quality/cost split was endorsed by CCB dated 24<sup>th</sup> March 2016 (Minutes of Meeting Reference 7A).

3.4 As a result of the above, it was agreed to seek tenders using the 'Open Procedure' whereby any received tender that meets a set of minimum requirements will be evaluated. The level of interest received for the earlier tender indicated that a manageable number of competitive and acceptable bids would be received.

3.5 To address the price and quality concerns previously encountered, the invitation to tender pack included:

- Evaluation on the basis of 50% Quality/50% Price (compared to 60/40 previously)

- A set of ‘affordability caps’ whereby any tender that exceeded the Cap is excluded – this was set based on historical information and stress tested against the range of prices submitted for the earlier tender
  - A quality threshold whereby any tender submission which scored less than two (out of five) on any qualitative Method Statement would be disqualified
- 3.6 A Tender Pack was prepared and issued through the Council’s e-tender portal to any party that expressed an interest on 8<sup>th</sup> April 2016, with a return date set as 17<sup>th</sup> May 2016. During this period a bidders briefing event was held and clarifications requests received from bidders were responded to.
- 3.7 Nine tender submissions were received on time from the following organisations:
- Amalgamated Lifts Limited
  - Apex
  - Otis Ltd T/A Express Lifts Alliance Group
  - Jackson Lift Services Ltd
  - Liftec Ltd
  - Precision Lift Services Ltd
  - Rubax Lifts Ltd
  - ThyssenKrupp elevator UK Ltd
  - Guideline Lift Services Ltd
- 3.8 All organisations met the minimum requirements in terms of compliance, eligibility and turnover and financial health.
- 3.9 Of the nine tenders received, four were rejected as they exceeded the Affordability Cap. These tenders were not assessed against the evaluation criteria.
- 3.10 The qualitative submission accounts for 50% of the overall mark and the evaluation process was carried out by a panel comprising officers and residents. This was followed by a moderation of the scores for all evaluated responses, arriving at consensus scores and details for feedback which was signed off by the evaluators.
- 3.11 The 50% qualitative evaluation criteria were broken down as follows:

<u>Evaluation criteria</u>	<u>Weighting</u>
Contract Management	9%
Mobilisation	4%
Supply Chain	3%
Environmental	3%
Customer	7%
Social Value	4%
Call Outs	5%
Service Schedule	6%
Refurbishment	4%
Business Requirements	1%



will commence when the leaseholder consultation has been completed.

- 4.2 A quarterly briefing has been provided at the Tenant and Leaseholder panel.
- 4.3 A comprehensive survey of residents and other stakeholders' views on existing services and future expectations was undertaken. The findings, in the form of a 'Focus Group Summary Report' were provided to bidders to assist in their understanding of residents' views and feedback.
- 4.4 Three resident representatives participated as members of the evaluation panel specifically focussing on the customer experience in its broadest sense including attending all bidders' briefings.

## **5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

- 5.1 The preferred Bidder A was selected by a competitive tendering exercise and is considered to offer best value to the Council.
- 5.2 Because of the affordability caps that were set, the prices received are approximately £250k less per annum than the current contract and are considered sustainable.
- 5.3 Further details are contained within Part B.

### **5.4. Options**

- 5.5 If the recommendation is not approved the procurement process would need to be carried out again to ensure that the Council can continue to deliver works to its stock in order to maintain its landlord responsibilities. Existing transitional arrangements for housing and corporate lift and escalator related services would need to be either further extended or reviewed.

***(Approved by: Lisa Taylor, Assistant Director of Finance and Deputy S151 Officer)***

## **6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER**

- 6.1 The procurement process as detailed in this report is in accordance with the requirements of the Council's Tenders & Contracts Regulations and meets the Council's duty to secure best value as provided under the Local Government Act 1999.

***(Approved by: Jacqueline Harris-Baker, Acting Council Solicitor and Acting Monitoring Officer)***

## 7. HUMAN RESOURCES IMPACT

- 7.1 This paper makes recommendations involving a service provision change which may invoke the effects of the Transfer of Undertakings (Protection of Employment) 2006 Legislation (TUPE). If this is the case, then all staff that predominantly work in an identified third party provider will transfer to the new provider. The Council provided the bidders information relating to the incumbent Providers' employees within the Tender documentation. The final detailed information should be provided by the outgoing contractors in accordance with the employee liability information provisions under TUPE, no later than 28 days prior to the actual transfer. No Council staff or LGPS members are in scope for TUPE transfer.

*(Approved by: Adrian Prescod and Michael Pichamuthu, Strategic HR Business Partners (on behalf of Heather Daley, Director of Workforce)*

## 8. EQUALITIES IMPACT

- 8.1 The Equality Policy 2016 - 20 sets out the Council's commitment to equality and its ambition to create a stronger, fairer borough where no community is held back. The policy reflects the council's statutory duties under the Equality Act 2010 and is supported by the equality objectives set out in the Opportunity and Fairness Plan 2016-2020.
- 8.2 The equality objectives for 2016-20 are aligned to and will support the delivery of the Council's business outcomes set out in its Corporate Plan particularly in relation to:
- **Growth** - creating growth in the local economy and ensuring that all residents in the borough are able to share the benefits
  - **Independence** - taking on an enabling role to help residents to be as independent as possible
  - **Liveability** - creating a welcoming, inclusive and pleasant place in which local people want to live and work and feel safe.
- 8.3 Equality considerations were taken into account as part of the requirements defined within the Tender documentation (including the Term Partnering Contract) whereby there is a need for the contractor to be compliant with the Equality Act 2010. Engagement has been undertaken with residents via survey, briefings and participation in the process as members of the tender evaluation panel. A full Equality Analysis has been undertaken which will be kept under review and we will ensure that where necessary action is taken to mitigate potential negative equality impacts e.g. access issues for people with restricted mobility.
- 8.4 The Council is working with the service provider to increase the pay of low income households by requiring them to pay London Living Wage as a minimum. We are also supporting increased opportunities for local people by ensuring the service provider delivers Social Value benefits e.g. training, apprenticeships and

supply chain opportunities for Croydon residents and businesses.

***(Approved by Norman Vacciania, Senior Strategy Officer, SCC)***

## **9. ENVIRONMENTAL IMPACT**

- 9.1 Procurement of the contract will provide the Council with an opportunity to support the Council in a number of areas including reduction Croydon's CO2 emissions as well as support reductions in fuel poverty amongst Croydon's housing residents.
- 9.2 In accordance with the contract terms and where required, the preferred bidder will produce site waste management plans for any works and the Council is satisfied that the winning bidder's solution will contribute to reducing Croydon's CO2 emissions; result in a move to more sustainable components and products and support energy efficiency in Croydon's homes.

## **10. CRIME AND DISORDER REDUCTION IMPACT**

- 10.1 There are no adverse Crime and Disorder impacts arising from this report.

## **11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

- 11.1 Following the evaluation of the final tender submissions, the evaluated scores are given in the table with Bidder A recommended as offering the most economically advantageous tender.

<b>Bidder</b>	<b>Quality Score</b>	<b>Price Score</b>	<b>Overall Score</b>	<b>Rank</b>
Bidder A	29.60%	43.45%	73.05%	1
Bidder B	27.8%	42.53%	70.33%	2
Bidder C	22.2%	43.97%	66.17%	3

## **12. OPTIONS CONSIDERED AND REJECTED**

- 12.1 Bidder A, having achieved the overall highest combined score of 73.05% and having submitted a compliant bid which met the requirements set out within the invitation to tender document, no other options were considered.
- 12.2 Preferred Bidder A has successfully demonstrated through their bid that they are capable of meeting the Council's quality and price requirements.

**CONTACT OFFICER:**

<b>Name:</b>	Judy Pevan
<b>Post title:</b>	Commissioning Manager-Project Manager
<b>Telephone number:</b>	X62953

**Background Papers: none**

**Appendices**

Appendix A – Overview of the procurement process

Appendix B - Overview of the detailed elements evaluated

**APPENDIX A**  
**PMI Open Procedure**  
**Provision of Lift, Escalators and associated works**

<b>Indicative Date</b>	<b>Activity</b>
8 <sup>th</sup> April 2016	Advert/Contract Notice published with Minimum Requirements Questionnaire and ITT pack
20 <sup>th</sup> April 2016	Potential suppliers briefing event
5 <sup>th</sup> May 2016	Deadline for clarification questions to be submitted by bidders via LBC's e-tendering portal
9 <sup>th</sup> May 2016	Last day for Croydon to respond to clarifications
13 <sup>th</sup> May 2016	Completed Minimum Requirements Questionnaire and Tender Response submitted by 12:00 noon
27 <sup>th</sup> May 2016	Evaluation of MRQ and Tender Responses to be completed by
30 <sup>th</sup> May 2016	Project Board Approval
28 <sup>th</sup> July 2016	CCB
19 <sup>th</sup> September 2016	Cabinet
27 <sup>th</sup> September 2016	Successful and unsuccessful bidder(s) notified
27 <sup>th</sup> September 2016	10-day Standstill Period starts
31 <sup>st</sup> March 2016 Contract Execution and Implementation	March 31 <sup>st</sup> 2016 Contract Execution and Implementation

**APPENDIX B**  
**PMI Open Procedure**  
**Provision of Lift, Escalators and associated works**  
**Overview of Evaluation Criteria**

<b>Quality</b>	
<b>Method Statement</b>	<b>Weighting</b>
Q1 Contract Management	9%
Q2 Mobilisation	4%
Q3 Supply Chain Management	3%
Q4 Environmental	3%
Q5 Customer	7%
Q6 Social Value	4%
Q7 Call Outs	5%
Q8 Service Schedule Requirements	6%
Q9 Refurbishments	4%
Q10 Business Requirement	1%
Q11 ICT Devices, Systems & Staff	4%
	<b>50%</b>
<b>Price</b>	
Total Tender Price	<b>50%</b>
<b>Total</b>	
Total	<b>100%</b>