

**BIRMINGHAM CITY COUNCIL****PUBLIC REPORT**

<b>Report to:</b>	<b>CABINET</b>
<b>Report of:</b>	<b>CORPORATE DIRECTOR - PLACE</b>
<b>Date of Decision:</b>	<b>15<sup>th</sup> August 2017</b>
<b>SUBJECT:</b>	<b>TENDER STRATEGY FOR THE REPAIR, MAINTENANCE AND MAJOR REFURBISHMENTS OF LIFTS IN HOUSING, COUNCIL BUILDINGS AND SCHOOLS (P391)</b>
<b>Key Decision: Yes</b>	<b>Relevant Forward Plan Ref: 003741/2017</b>
<b>If not in the Forward Plan: (please "X" box)</b>	Chief Executive approved <input type="checkbox"/> O&S Chairman approved <input type="checkbox"/>
<b>Relevant Cabinet Member(s):</b>	<b>Cllr Majid Mahmood, Cabinet Member, Value for Money and Efficiency</b>
<b>Relevant O&amp;S Chairman:</b>	<b>Cllr Mohammed Aikhlaq, Corporate Resources and Governance</b>
<b>Wards affected:</b>	<b>ALL</b>

**1. Purpose of report:**

- 1.1 This report provides details of the procurement strategy for the tender of a framework agreement for the repair and maintenance of lifts, disability platform lifts and patient lifting hoists in Council buildings housing properties and schools including major refurbishments and new installations in existing buildings. The agreement will commence 1<sup>st</sup> April 2018 for a period of 4 years with an option to extend for up to 2 years, subject to satisfactory provider performance.
- 1.2 The Private agenda report contains any confidential market information which could impact on the tender process and the approval sought.

**2. Decision(s) recommended:**

That Cabinet:

- 2.1 Notes the contents of this report.

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### 3. Consultation

#### 3.1 Internal

- 3.1.1 The Deputy Leader and the Cabinet Member for Housing and Homes have been consulted and agree with the content of the report.
- 3.1.2 The Corporate Director of Economy has been consulted and agrees with the contents of this report.
- 3.1.3 The Service Director, Housing Transformation, Place Directorate and the Interim Assistant Director of Property, Economy Directorate have been consulted and agree with the contents of this report.
- 3.1.4 Officers from Contract Management and Performance (CMAP) Team in Corporate Procurement have been consulted and agree with the contents of this report.
- 3.1.5 Officers from Finance, Legal and Governance and Procurement have been involved in the preparation of this report.

#### 3.2 External

- 3.2.1 Officers from the Lifts Team in Acivico Limited (Design Construction and Facilities Management) have been consulted and agree with the content of this report.
- 3.2.2 Prior to any contract award, Tenants and Leaseholders, who are subject to service charges, will be consulted on this procurement strategy.

### 4. Compliance Issues:

#### 4.1 Are the recommended decisions consistent with the Council's policies, plans and strategies?

- 4.1.1 The proposals are consistent with the Council's Vision and Forward Plan 2017:

#### **Housing – a great city to live in. To meet the housing needs of citizens.**

The contract will enable the Council to meet both its equality obligations and its statutory duty with regard to scheduled maintenance of lifts. This will minimise downtime resulting from lift breakdowns thereby avoiding disruptions to users and ensure lift safety.

It will also enable users, visitors to and residents in Council buildings and Housing properties freedom of movement to, from and within them.

#### **Jobs and skills – a great city to succeed in. To shape the market and harness opportunity.**

The Stakeholder Group comprising officers from Asset Management (HRA) - Housing, Place Directorate, Birmingham Property Services, Economy Directorate and the Lifts Team in Acivico will engage with the Employment Access Team with regard to the inclusion of the Jobs and Skills policy and how best the tender process and the resultant contract can meet the jobs and skills agenda regarding apprenticeships, targeted recruitment and training and engaging the unemployed.

#### 4.1.2 Birmingham Business Charter for Social Responsibility (BBC4SR)

Compliance to the BBC4SR will be a mandatory requirement for tenderers and will also form part of the conditions of contract. Tenderers will submit an action plan with their tender submissions that will be evaluated in accordance with 5.7. The action plan of the successful tenderer will be implemented and monitored during the period of the agreement.

#### 4.2 Financial Implications

4.2.1 The agreement will not commit the Council to any particular level of spend.

4.2.2 Spend will be funded from the following:

- Housing related revenue costs are funded through the Housing Revenue Account
- Housing capital works for major lift replacement/refurbishment will be funded through the annually agreed Public Sector Housing Capital Investment Programme.
- Non-Housing costs are funded through the appropriate service directorate budget
- Schools costs are funded through schools devolved budgets

4.2.3 Prices will be fixed for the first 2 years of the framework agreement. Thereafter any application for price adjustments will be submitted to the Council by the provider with supporting evidence and subject to agreement by the Contract Manager from Corporate Procurement Services in conjunction with the Contract Administrators from Acivico, Housing Asset Management and Maintenance, and Birmingham Property Services. When considering a request for a price adjustment, the increase will be capped to a maximum level of the Lift and Escalator Industry Association (LEIA) index..

4.2.4 The agreement will be made available for other public organisations to access (5.11). A rebate of 1% for Council spend and for 2% for other local authority or public sector body expenditure will be levied against this agreement. The 2% rebate will be shared equally between the Council and Acivico, should Acivico utilise this agreement as part of their service offering to organisations external to the Council. The rebate will be payable by the successful provider(s) to Corporate Procurement Services for the cost of the on-going contract management of the framework agreement. This fee will be payable retrospectively on a quarterly basis by the provider(s) to the Council.

#### 4.3 Legal Implications

4.3.1 Under the general power of competence set out in Section 1 of the Localism Act 2011, a Local Authority has a general power to do anything that individuals generally may do. The Council has the power to enter into the arrangements set out in this report and they are within the boundaries and limits of the general power of competence Section 2 and 4 of the Localism Act 2011.

4.3.2 The agreement will also ensure that the Council is compliant with legislation that governs the operation of lifts and associated equipment namely the Lifts Regulations 1987 (as amended) and the Lifting Operations and Lifting Equipment Regulations 1998 (LOLER), and a raft of health and safety legislation including but not limited to the Health and Safety at Work etc Act 1974.

#### 4.3.3 TUPE

TUPE is likely to apply between the current provider and the new provider(s) in the event of the incumbent provider not being successful. The Council's role in any TUPE process is limited to the distribution of information between parties, with no responsibility on the part of the Council for the information provided. Successful tenderers will be informed that it is their responsibility to make arrangements should TUPE apply.

#### 4.3.4 Pre-Procurement Duty under the Public Service (Social Value) Act 2012

Consideration of whether to undertake a consultation exercise was discussed during the planning stage and it was agreed that this would not be required as tenderers will be asked how their bid addresses social value as part of the evaluation and no additional stakeholder consultation was required. This consideration also included how this procurement exercise might improve the social and economic well-being of the city and will be addressed by evaluating social value.

#### 4.3.5 Information Management

There are no significant information management issues associated with this agreement.

#### 4.4 Public Sector Equality Duty

- 4.4.1 An Initial Screening to decide whether the planned procurement for the repair, maintenance and major refurbishments of lifts in Housing, Council and Schools had any relevance to the equality duty contained in Section 149 of the Equality Act 2010 of eliminating unfair/unlawful discrimination and to promoting equality and human rights was conducted on 2<sup>nd</sup> August 2017. The Initial Screening identified there was no requirement to assess it further, and completion of an EA Full Assessment was not required.

### **5. Relevant background / chronology of key events:**

#### **5.1 Background**

- 5.1.1 There is a legal requirement for the Council and the schools' portfolio of lifts, disability platform lifts and patient lifting hoists to be repaired and maintained; a further requirement is for major refurbishments and installations of new lifts in existing buildings (see 5.5.3). The scheduled maintenance minimises downtime resulting from lift breakdowns thereby avoiding disruption to users and ensuring lift safety. The installation of lifts in newly constructed buildings and as part of major building renovations is not in scope of this framework agreement.
- 5.1.2 The approximate number of the Council's and education sites' lift portfolio is as follows. The number is subject to continual variation due to changes in the property portfolio and education sites that opt into services on an annual basis only.
- 379 assets in housing sites such as low and high rise buildings
  - 117 assets in corporate or commercial properties such as Centrally Administered Buildings (eg Lancaster Circus), libraries and car parks
  - 52 assets in education sites such as schools

- 5.1.3 The tender strategy report for the replacement lift maintenance framework agreement was approved by Cabinet on 16<sup>th</sup> November 2015. As part of this tender strategy report, the intention was to synchronise the end date of the agreement to the current Housing Repair, Maintenance and Capital Investment contract, consolidate all requirements, and also to review the requirements to encourage partnership working with the successful providers. Significant improvements were made to align the specification from the previous contracts and re-work the terms and conditions to enhance the service to users.
- 5.1.4 Following the restricted procurement process, five tenderers were shortlisted and invited to submit a tender response. Of these, only three tender submissions were received. Following an evaluation process, due to the overall unsatisfactory level of tender submissions received, the decision was taken to abort the procurement process as this may have put the Council at risk if the recommendations for award had continued.
- 5.1.5 As a consequence, there was a need to enter into a further contract via single contractor negotiations with Otis Ltd for a further period of 9 months from 1<sup>st</sup> July 2017 approved under Chief Officer delegation on 22<sup>nd</sup> June 2017.
- 5.1.6 The lessons learnt from the aborted procurement process have been incorporated into this revised strategy and to mitigate a similar situation, a supplier event will be held before the tender process is commenced to ensure potential bidders are familiar with the Council's proposed strategy and to input into draft documentation.
- 5.1.7 Whilst education sites are in scope of this framework agreement, the Council does not have a statutory duty to provide this service to schools nor academies. Education sites can use the framework agreement to discharge their duties under the LOLER regulations which place duties on people and companies who own, operate or have control over lifting equipment to ensure that the equipment is inspected and maintained by the use of a competent person.

## 5.2 **Outcomes Expected**

The outcomes expected from this procurement process are:

- Consistently reliable lifts
- Improved availability of lifts
- Accessibility to, from and freedom of movement within Council buildings
- Opportunity to align contracts with other contractual arrangements
- Value for money

## 5.3 **Market Analysis**

- 5.3.1 There are a number of providers in the market who could provide repair and maintenance, major refurbishment and new installation of lifts into existing buildings from large multinational organisations to local SMEs. Many of the providers will have experience of dealing with similar requirements, with the large organisations having experience of working with similar size portfolios.
- 5.3.2 The Council will hold a Supplier Event to go through the tender process with attendees and what is required from organisations who may wish to tender. This will allow the opportunity to engage with the market, to ensure the expectations of the Council are presented, and ensure any potential tenderers are aware of the standards required to reduce the risk of unsatisfactory responses.

## 5.4 **Procurement Options**

### 5.4.1 The following options have been considered:

- **Tender a Birmingham only Framework Agreement**

This option was rejected as other local authorities, public sector bodies and housing associations would not be in a position to utilise the framework agreement or utilise any rebate agreement.

- **Tender as a Birmingham Framework Agreement available for use by other public sector bodies**

This is the preferred option for the Council as this would allow other local authorities and public sector bodies (including housing associations) access to the framework agreement. Acivico may provide Facility Management services to these organisations as part of their service offering, which may include a provision for managing the repairs and maintenance of lifts.

- **Use of the Constructing West Midlands Framework Agreement**

This option was rejected as the Constructing West Midlands contractors are not specialist lift maintainers and if this option was selected they would sub-contract to a lift company thereby adding an additional layer of cost.

- **Use of Collaborative Framework Agreements**

The following collaborative framework agreements have been assessed for their suitability:

**Crown Commercial Service – Facilities Management Services**

This framework agreement was awarded on 29<sup>th</sup> July 2015 for 4 years and split by lots dependent on the type (hard or soft of facilities management) required. This framework was discounted as use of this agreement would mean the successful companies subcontracting to a lift company thereby adding a layer of cost to the Council.

**Northern Housing Consortium (NHC) – Passenger Lifts**

The NHC has a framework agreement in place for the installation and refurbishment, maintenance, service and repair of passenger lifts, stair-lifts and escalators in buildings. The framework service pricing is based upon all inclusive servicing, semi-inclusive or basic service only. This is available for use as the Council is a member of the NHC. However, this option was discounted as the servicing requirements of the Council do not align to the framework agreement's specification.

**Efficiency East Midlands (EEM) Passenger Lift Framework Agreement and Stair lifts, Hoists and Disabled Access Equipment**

The EEM has three framework agreements in place with different providers for the:

- a) maintenance, servicing, and repair of passenger lifts
- b) the refurbishment and installation of passenger lifts

- c) the service, repair and installation of stair lifts, hoists and disabled access equipment [platform lifts].

This was discounted as it did not align with the Council's approach to consolidating the requirements into one framework agreement for all types of lift.

## 5.5 **Procurement Approach**

### 5.5.1 **Contract Duration and Advertising Route**

The framework agreement duration will be for a period of up to 4 years with an option to extend for a further two years, subject to satisfactory performance and budget availability. Market consultation has indicated that a longer contract duration is required in order for the successful contractor(s) to achieve a return on their investment for the service requirements (set out in 5.5.3.5). In addition, the duration and extension option will allow for the requirement to be incorporated into any future Housing Repair and Maintenance contract if that is the most suitable option identified at the time. The tender opportunity will be advertised via [www.finditinbirmingham.com](http://www.finditinbirmingham.com), Contracts Finder and the Official Journal of the European Union (OJEU).

### 5.5.2 **Procurement Route**

The requirement will be tendered using the open route on the basis that:

- The service can be clearly defined
- There are sufficient providers in the market place that can provide all the required services

### 5.5.3 **Scope and Specification**

The number of assets currently in scope for this agreement (subject to variation) are as follows:

	Passenger Lifts	DDA Lifts	TOTAL
Housing	357	22	379
Corporate/ Commercial	84	33	117
Education	15	37	52
Total	476	92	568

#### 5.5.3.1 **Repair and Maintenance**

The service is required to ensure that the Council's lift portfolio is kept in optimum working order is as follows:

- Regular passenger lift servicing using the Council's inspection programme. The current inspection programme has been developed using a risk based approach and considering such factors as age, reliability, number of lifts in building and risk of interference. The inspection programme is reviewed periodically by Acivico in conjunction with CMAP and the Directorate officers to ensure optimum reliability of the portfolio.
- Detailed examination of the lift every 6 months for disabled access equipment and 12 months for goods lifts
- Annual testing of passenger and goods lifts

- Preventative maintenance with the replacement of worn parts
- The provision of emergency response service for trappings or emergencies

The framework agreement will allow the successful provider(s) to recommend new or innovative methods of working that may benefit the Council.

#### 5.5.3.2 Major Refurbishment

For the Housing portfolio, there is an on-ongoing programme of refurbishment works in existence subject to the approval of capital budgets. During 2016/17, 17 full lift replacements were undertaken. During 2017/18 approximately 13 lifts will have their controllers replaced.

Major refurbishment may involve the replacement of the following components (amongst others): gearbox, hydraulic units, door operators, call acceptance buzzers, guide rails, infra-red door safety edges and refurbishment of lift cars

Major refurbishment to the non-housing portfolio is only carried out dependent on the availability of the appropriate funding and relevant justification.

#### 5.5.3.3 New Installation in an Existing Building

A new installation is where an existing lift needs to be completely replaced. Lift installations to new buildings would not be covered under this framework agreement.

#### 5.5.3.4 Notification to residents (Housing properties)

The successful provider(s) will be required to inform residents of planned repairs at least 7 days before they are undertaken. Additionally, provider(s) will need to demonstrate how they will lessen or mitigate any inconvenience to residents where lifts are unavailable for use, especially where there is a single lift in operation.

#### 5.5.3.5 Service Requirements

To ensure greater partnership working for this agreement, the successful provider(s) will need to :

- Provide the Council with unrestricted access to data collected including any asset analysis and provision of management information.
- Encourage joint working by sharing of data to suggest any improvements or efficiencies to the management of the portfolio.
- Provide greater transparency in terms of cost for items that are not listed on a schedule of rates.
- Improve the billing and invoicing processes by use of feeder files and developing an electronic portal to allow the Council to inspect individual costs, job sheets, and supporting information for each lift.
- Use open industry standards in regards to parts or repairs.

#### 5.5.4 **Lot Structure - Options Appraisal**

5.5.4.1 To determine the appropriate lot structure and portfolio split, an options appraisal was carried out using Corporate Procurement Services Commissioning methodology. A stakeholder group comprising of officers from Asset Management (HRA) - Housing, Place Directorate, Birmingham Property Services, Economy Directorate, Finance, and



the Lifts Team in Acivico supported by Corporate Procurement Services undertook the appraisal. The options considered were

- a) Whether Housing and non-Housing lift portfolios should be separated or combined into a single lot
- b) Whether the Housing lift portfolio should be further split into separate lots (either by size, type, or quadrant/area)
- c) If a multiple lot structure is preferred, the benefits to award to one or more providers

Due to the smaller size of the non-Housing lifts portfolio, it was not considered appropriate to consider splitting this element into smaller lots.

5.5.4.2 The following factors were considered as part of the options appraisal:

1. To achieve economies of scale
2. To achieve contract management efficiencies
3. The potential negative impact upon IT systems (orders and billing)
4. Transparency of information between portfolio
5. The ability of Small and Medium Enterprises (SME) to bid for services
6. Risk (the potential of poor contract performance / provider failure)

5.5.4.3 To determine the weighting, each factor was evaluated for its relative importance to the Council and the impact on service delivery. The scoring methodology was:

Weighting	Judgement	Explanation
5	Essential	This is critical to effective service delivery
4	Almost essential	Of major importance to successful service delivery
3	Important	Noticeable reduction in service if not provided
2	Quite important	Should be part of a service
1	Not important	A minor aspect of service delivery

5.5.4.4 The score guide determined how each option would meet the standards required for the factors rated from 0 to 10.

Score Bands	Score	Score Guide. The proposed option:
Unacceptable 0-1	0	does not deliver this element of the service or is not acceptable;
	1	contains significant shortcomings which will provide a significantly reduced standard of service (in terms of efficient & effective commissioning).
Low 2 - 4	2 / 3	contains shortcomings which will provide a reduced standard of service (efficiency & effectiveness);
	4	falls short of achieving the expected standard of service (efficiency & effectiveness) in a number of identifiable respects.
Medium 5 - 6	5	meets an acceptable standard but has a significant negative impact on efficiency & effectiveness;
	6	meets an acceptable standard but has a minor negative impact on efficiency & effectiveness
High 7 - 8	7	meets the required standard in all material respects;
	8	meets the required standard in all material respects and provides an enhanced standard of efficiency & effectiveness
Outstanding 9 - 10	9	meets the required standard in all material respects and exceeds most of the major requirements in terms of efficiency & effectiveness;
	10	meets the required standard in all material respects and exceeds all of the major requirements in terms of efficiency & effectiveness.

## 5.5.4.5 A summary of the scoring matrix is as follows:

Factor	Economies of scale	Contract Management	IT systems	Transparency	SME Agenda	Risk	Max score (230)	Max % 100%
<b>Weighting</b>	4	3	4	4	3	5		
<b>Options</b>	<b>SCORE</b>						<b>Total score</b>	
Housing / Non-housing portfolio combined	9	5	5	7	5	7	149	65%
<b>Separate Lots for Housing / non-housing portfolio</b>	<b>6</b>	<b>8</b>	<b>7</b>	<b>8</b>	<b>7</b>	<b>8</b>	<b>169</b>	<b><u>73%</u></b>
Single Provider (Housing)	8	8	7	8	7	8	177	77%
<b>Multiple provider (Housing)</b>	<b>7</b>	<b>8</b>	<b>7</b>	<b>8</b>	<b>8</b>	<b>9</b>	<b>181</b>	<b><u>79%</u></b>

## 5.5.4.6 The outcome of the appraisal indicated the most suitable option was for:

- 1) The Housing and non-Housing portfolio to be separated as different lots. Due to the Council's requirements and the different systems used, this option was the most appropriate taking into account the factors in 5.5.4.2 including allowing SMEs to tender for this opportunity.
- 2) The Housing portfolio in the city to be split into 2 areas and – dependent on the outcome of the evaluation of the tender - the potential for a different provider for each area. The option to appoint multiple providers was marginally favourable compared to a single provider. The award criteria will allow the most economical advantageous tender to be recommended for award which may include the potential for 1 provider to be awarded both Housing Lots.
- 3) No benefit to the Council was identified as arising from any possible restrictions limiting the number of lots to be allocated to an individual bidder.

5.6 **Lot Structure**

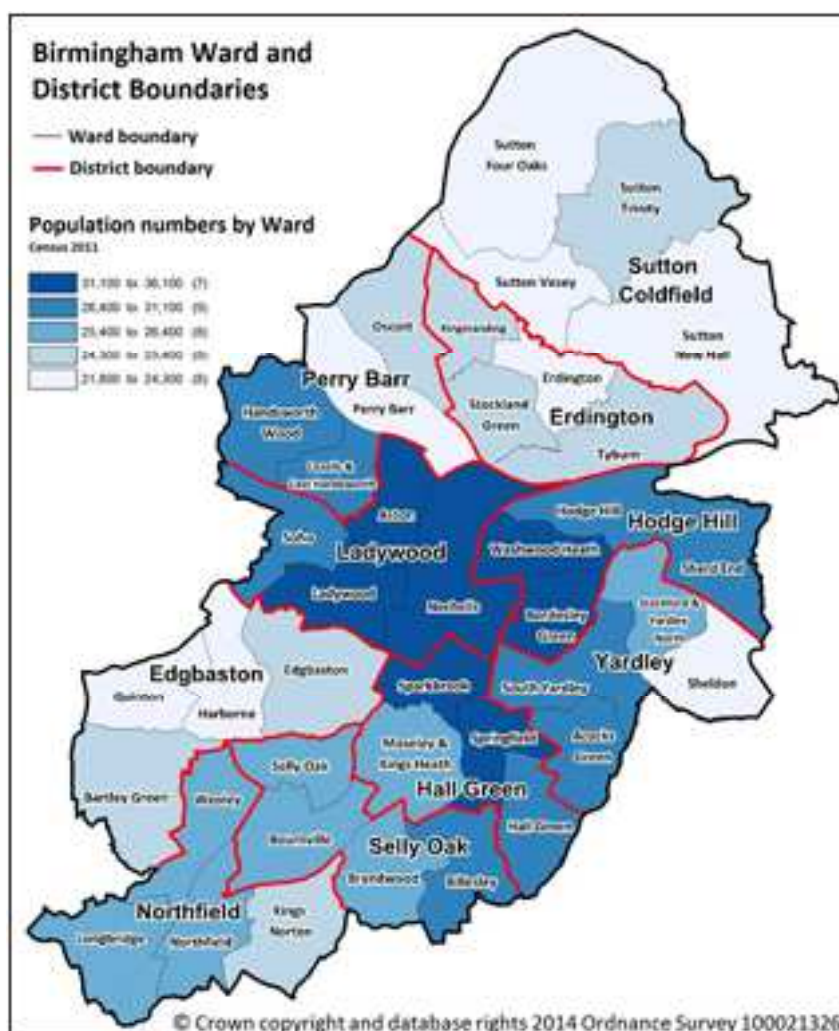
## 5.6.1 The framework agreement will be tendered as follows:

Lot 1 – Housing Properties; North and West  
 Lot 2 – Housing Properties; South and East  
 Lot 3 – Commercial and Corporate estate

## 5.6.2 The portfolio split for Lot 1 and 2 has been aligned to the current Housing and Repair Maintenance contract areas.

## 5.6.3 The breakdown of equipment by district for each lot is as follows:

Type	Lot #	District	Area	Passenger Lifts	DDA lifts
Housing	Lot 1	Erdington, Sutton Coldfield	North	156	21
		Ladywood, Perry Barr	West		
	Lot 2	Edgbaston, Northfield, Selly Oak	South	201	1
		Hall Green, Hodge Hill, Yardley	East		
Corporate / Commercial/ Education	Lot 3	All	Citywide	99	70



**5.7 Tender Structure (including Evaluation and Selection Criteria)**

The evaluation of tenders will be conducted in two stages:

**5.7.1 Stage 1 (All Lots) – all sites**

This stage will consist of mandatory pass/fail considerations which tenderers must pass before progressing to Stage 2. These are:

Part 1	Potential Supplier Information	Info Only
Part 2	Exclusion Grounds - Grounds for Mandatory Exclusion	Pass / Fail
Part 3 (section 2 & 3)	Exclusion Grounds - Grounds For Discretionary Exclusion	Pass / Fail
Part 3 (section 4)	Economic and Financial Standing	Pass / Fail
Part 3 (section 6)	Technical and Professional Ability	Pass / Fail
Part 3 (section 7)	Modern Slavery Act	Pass / Fail
Part 3 (section 8)	Compliance requirements: Insurance, Past Performance, Health and Safety, Equalities, BBC4SR	Pass / Fail
Part 3 (section 8)	Additional compliance requirements: Health and Safety Accreditation; Quality Management Accreditation; Environmental Management Accreditation	Pass / Fail

**5.7.2 Stage 2 (Lot 1 and 2) – Housing portfolio**

Tenders received will be evaluated using separate quality / social value / price balances in accordance with a pre-determined evaluation model. The quality / social value / price balance has been established having due regard to the Corporate document 'Evaluating Tenders' which considers the complexity of the services to be provided and the degree of detail contained within the contract specification.

**5.7.2.1 Assessment A - Quality (30% Weighting)**

The quality scoring of each tender submission will be assessed in relation to specific requirements as set out in the tender documents. These are:

<b>Quality</b>	<b>Sub- weighting</b>
Organisation and Resources	25%
Technical & Compliance	25%
Contract Management and Customer Care	35%
Operational factors	15%
Total	100%

Tenderers who score more than the total quality score threshold of 60% i.e. a score of more than 300 out of a maximum quality score of 500 will proceed to assessment B – Social Value.

**5.7.2.2 Assessment B - Social Value (10% Weighting)**

Social Value Proposals	Sub-Weighting
Local Employment	25%
Partners in Communities	25%
Good Employer	15%
Green and Sustainable	25%
Ethical Procurement	10%
Total	100%

Tenderers who score more than the total social value score threshold of 50% i.e. a score of more than 250 out of a maximum social value score of 500 will proceed to assessment C – Price.

Clarification meetings may be held with tenderer(s) to clarify any aspects of their tender submission.

**5.7.2.3 Assessment C - Price (60% Weighting)**

Tender prices will be assessed as follows for each Lot:

Price	Sub-Weighting
Repair, Maintenance and Servicing	35%
Major Refurbishment and New Installation	60%
Performance Profit at Risk	5%
Total	100%

The sub-weightings have been determined by taking into account the types of items used and the age of the portfolio. Although many items used for repairing, maintaining, servicing and major refurbishments are easily available, due to the age of the lift portfolio a proportion of items are non-standard. The sub-criteria of this assessment are explained in more detail below.

**Repair and Maintenance**

Tenderers must state their prices against a schedule of rates for a list of items. The completed tender prices will then be assessed using a comprehensive pricing model developed that represents a sample of historical work that has taken place during 2016/17 (considered to be a representation of potential future works to be undertaken).

**Major Refurbishments and New Installations**

Due to the complexity of the lifts with the Council's portfolio, there are a number of factors that affect the cost of parts that make it inappropriate for all elements to be included within a schedule of rates. These include:

- lift manufacturer and/or the manufacturer of the part
- protocols or standards applicable at the time
- any licensing or patent issues
- the age of lifts
- obsolete or unavailable parts
- bespoke or made to order parts
- any combination of the above

Therefore, the pricing model determined for items required for major refurbishments and new installations that are not part of the schedule of rates is for tenderers to apply a percentage uplift to the cost of the item. Tenderers will be required to share any supporting information such as their invoices to allow for an audit of these items; this will allow the Council to validate charges, develop cost transparency and move to an open book approach.

### Performance Profit at risk

Tenderers will be required to provide a profit level included within their tendered prices. Once third of this will be “at risk” in the event of poor performance for the purposes of the Performance Payment mechanism; the remaining two thirds will be base profit and unaffected by performance. The tenderer with a higher figure will be ranked 1<sup>st</sup> and all other tenders will be a proportion of this. The reasoning for the scoring is that a tenderer with a higher figure will ensure greater service performance to maximise their profitability. In addition, a further 1% payment, calculated as a percentage of total costs, will be made available for payment subject to performance as set out in paragraph 5.10.3.

## **5.7.3 Stage 2 (Lot 3) – Commercial and Corporate portfolio**

Tenders received will be evaluated using separate quality / social value / price balances in accordance with a pre-determined evaluation model. The quality / social value / price balance has been established having due regard to the Corporate document ‘Evaluating Tenders’ which considers the complexity of the services to be provided and the degree of detail contained within the contract specification.

### **5.7.3.1 Assessment A - Quality (30% Weighting)**

The quality scoring of each tender submission will be assessed in relation to specific requirements as set out in the tender documents. These are:

<b>Criteria</b>	<b>Sub- weighting</b>
Organisation and Resources	25%
Technical & Compliance	25%
Contract Management and Customer Care	35%
Operational factors	15%
Total	100%

Tenderers who score more than the total quality score threshold of 60% i.e. a score of more than 300 out of a maximum quality score of 500 will proceed to assessment B – Social Value.

### **5.7.3.2 Assessment B - Social Value (10% Weighting)**

<b>Social Value Proposals</b>	<b>Sub-Weighting</b>
Local Employment	30%
Good Employer	30%
Green and Sustainable	40%
Total	100%

The number of social value proposals for the Corporate and Commercial portfolio is considered proportionate to the value of the contract. Tenderers who score more than the total social value score threshold of 50% i.e. a score of more than 250 out of a maximum social value score of 500 will proceed to assessment C – Price.

Clarification meetings may be held with tenderer(s) to clarify any aspects of their tender submission.

#### 5.7.3.3 Assessment C - Price (60% Weighting)

Tender prices will be assessed as follows for the Lot:

Price	Sub-Weighting
Repair, Maintenance and Servicing	25%
Major Refurbishment and New Installation	75%
Total	100%

Within the commercial and corporate portfolio, the number of major refurbishments or new installation into existing buildings taking place is minimal. However due to the age of the portfolio, many parts will be bespoke or non-standard. Therefore the weighting reflects this. Performance pricing was considered but discounted (5.10.4).

#### Repair and Maintenance

Tenderers must state their prices as stated in 5.7.2.3.

#### Major Refurbishments and New Installations

Tenderers must state their uplift applied as stated in 5.7.2.3.

#### 5.7.4 Overall Evaluation

Tenderers will be asked to provide prices both for individual lots and in the event that they are awarded multiple lots (to reflect the opportunity for tenderers to offer a discount for the award of multiple lots). For each Lot or permutation of Lots, the evaluation process will result in comparative quality and price scores for each tenderer. For each element (quality, social value, price), the tender(s) obtaining the highest marks will be awarded the maximum score for that element, with other tenders being allocated scores on a pro-rata basis. The overall contract award will be undertaken based on the most economically advantageous tender permutation across all three Lots.

#### 5.7.5 Evaluation Team

The evaluation of tenders will be supported by Corporate Procurement Services and undertaken by officers from:

- Asset Management (HRA), Housing – Place Directorate (Lot 1 and 2)
- Birmingham Property Services – Economy Directorate (Lot 3)
- Lifts Team in Acivico (all Lots)
- Finance (all lots)

## 5.8 **Risk**

The CPS approach is to follow the Council's Risk Management Methodology where the Procurement Team is responsible for risk management. The risk register for this project has been produced and is owned by CPS. Asset Management (HRA) Housing, BPS and Acivico with arrangements being put in place to ensure that operational risks are mitigated.

## 5.9 **Indicative Implementation Plan**

Cabinet Approval (Strategy)	15 <sup>th</sup> August 2017
Supplier (Industry) Day	8 <sup>th</sup> September 2017
OJEU Notice Issued	15 <sup>th</sup> September 2017
Issue Tender	18 <sup>th</sup> September 2017
Clarification Period	19 <sup>th</sup> September – 9 <sup>th</sup> October 2017
ITT Return Date	20 <sup>th</sup> October 2017
ITT Evaluations	23 <sup>rd</sup> October – 17 <sup>th</sup> November 2017
Delegated Contract Award	14 <sup>th</sup> December 2017
Leaseholder consultation	14 December 2017 – 19 January 2018
Mobilisation period (if applicable)	19 January 2018 – 31 March 2018
Contract Start	1 April 2018

## 5.10 **Service Delivery Management**

### 5.10.1 **Contract Management**

The framework agreement will be managed by Acivico with support by the Planning and Performance Team in Place Directorate and from the Contract Management and Performance Team (CMAP) in Corporate Procurement Services as and when needed.

### 5.10.2 **Key Performance Indicators**

Performance of the agreement will be measured through a set of key performance indicators (KPI's) using the Red, Amber and Green (RAG) rating system. Each colour will be given a rating which will be used to determine the provider(s) performance. A summary of KPIs (to be confirmed before the ITT is released) include:

KPI	Requirement
Health and Safety Compliance	To comply with ALL relevant and current Health and Safety Legislation in force during the life of the contract
Overall Lift availability Housing	Operational 95% of the time
Overall Lift availability – Commercial & Corporate Portfolio	Operational 95% of the time
Call-outs – Trappings	Attendance on site within 30 minutes of trapping being reported
Call-outs - Lift Breakdown – Single Lift including out of hours call outs	Attendance on site within <b>1 hour</b> of being reported.
Call-outs - Lift Breakdown – Multiple Lift including out of hours call outs	Attendance on site within <b>2 hours</b> of being reported



Statutory Testing / PPM	100% adherence to lift inspection programme.
Project Completion	Project started and completed to deadlines
Customer Satisfaction	Achievement of 97% satisfaction
Complaints	Recorded and responded to within 5 working days.
Making and Keeping Appointment	Appointments made and kept whenever appointments required.
Invoices	Invoices paid to the required timescales.

The performance measure required for each KPI will be determined and allocated a RAG rating on at least a quarterly basis. Thresholds will be reviewed annually. As part of the annual review (5.10.6) these will be reviewed to ensure they remain relevant and the provider(s) performance is continually improved. For example, the performance rating for the attendance on site within 30 minutes following a trapping may be:

KPI	Red (equal to / less than)	Amber (between)	Green (equal to)
Callouts - trappings	99.9%	n/a	100%

#### 5.10.3 Performance - Payment Mechanism (Housing)

A performance related payment mechanism is intended to be used to drive excellent performance through the agreements. There are two elements of the PRP mechanism – one seeking to disincentivise poor performance and the other to incentivise excellence. The approach will be:

KPI RAG ratings	Outcome
Two or more KPIs are indicated red	The provider is penalised through a payment of reduced profit margin.  Payment to the contractor is calculated with profit at base profit only
One KPI indicated red	payment to the contractor is calculated with profit at base profit plus half of the difference between base profit and tendered profit The provider is penalised through a proportionate reduction in profit margin.
Amber (all amber)	The provider is paid the contract price (i.e. profit calculated at the tendered level)
All KPIs Amber or Green (i.e.no Red KPIs)	Payment to the contractor is calculated with profit at the tendered level plus 1% multiplied by the proportion of KPIs that are Green
All Green	The provider is paid 1% above the contract price

#### 5.10.4 Performance - Payment Mechanism (Non-Housing)

Following consideration of applying the performance payment mechanism to the non-housing lift portfolio, it was determined that the relatively small value and the resource required to monitor this, would be counterproductive.

### 5.10.5 Monitoring

In terms of performance management on the current contract, the incumbent contractor's performance is monitored on a daily basis through the Central Monitoring System (CMS). The CMS system is linked to the Electronic Monitoring Units (EMU) outstations located in each Housing Lift and some Non Housing lifts.

Acivico will use the CMS system to run monthly reports in respect of the successful provider's performance which will be linked to the KPIs and payment mechanism.

For the corporate and commercial portfolio, these are not connected to the same system and thus performance will need to be monitored manually by officers from Acivico. The operation of the service is part of the provider's service to the Council. For example, if there is a trapping the lift user is instructed to press the alarm button. The successful provider(s) must provide a 24/7 service that monitors and responds to these.

### 5.10.6 Annual Review

An annual contract review will take place between officers from Acivico, Housing, and BPS, supported by CMAP.

### 5.11 Framework Agreement Protocol

5.11.1 The framework agreement will be made available to the other local authorities, public bodies and Housing Associations based within the UK. A call off contract may be awarded that extends beyond the expiry of the framework. The framework protocol will allow other public organisations to award any contracts in the following ways:

- **Direct Award** – If the framework is awarded to one provider, any organisation wishing to utilise the framework may do so through direct award providing they can meet their requirements.
- **Further Competition** – If the framework is awarded to 2 or more providers, any organisation wishing to utilise the framework will be required to carry out a mini competition utilising Acivico professional / technical services to run the mini-competition in support of the client organisation with the aim of appointing the service provider that better suits their needs.

## 6. Evaluation of alternative option(s):

- 6.1 To do nothing – this is not an option as reliable lifts are required to ensure accessibility to, from and within Council buildings.
- 6.2 To undertake the service in house – This option was rejected due to the resources (financial, technologically and professional) required. In addition, the Council would unlikely to be able to keep pace with any technological improvements within the industry.
- 6.3 Alternative procurement options are detailed in 5.4.

**7. Reasons for Decisions (s):**

- 7.1 To enable the commencement of tendering activity for the repair and maintenance of lifts to Council buildings to include major refurbishments and new installations of lifts into existing buildings.

**Signatures**

**Date**

Cabinet Member

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Councillor Majid Mahmood

Cabinet Member: Value for Money and Efficiency

Chief Officer

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Jacqui Kennedy Corporate Director - Place

**List of Background Documents used to compile this Report:**

1. Public Report - Tender Strategy for the Repair and Maintenance of Lifts to Council Buildings to include Major Refurbishments and Installations to existing buildings, P0280 16<sup>th</sup> November 2015.

**List of Appendices accompanying this Report (if any):**

1. Equality Act 2010
2. Equalities Analysis Initial Screening

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## **Appendix 1**

### **Equality Act 2010**

The Executive must have due regard to the public sector equality duty when considering Council reports for decision.

The public sector equality duty is as follows:

1	<p>The Council must, in the exercise of its functions, have due regard to the need to:</p> <ul style="list-style-type: none"> <li>(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Equality Act;</li> <li>(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;</li> <li>(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.</li> </ul>
2	<p>Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:</p> <ul style="list-style-type: none"> <li>(a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;</li> <li>(b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;</li> <li>(c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.</li> </ul>
3	<p>The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.</p>
4	<p>Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:</p> <ul style="list-style-type: none"> <li>(a) tackle prejudice, and</li> <li>(b) promote understanding.</li> </ul>
5	<p>The relevant protected characteristics are:</p> <ul style="list-style-type: none"> <li>(a) age</li> <li>(b) disability</li> <li>(c) gender reassignment</li> <li>(d) pregnancy and maternity</li> <li>(e) race</li> <li>(f) religion or belief</li> <li>(g) sex</li> <li>(h) sexual orientation</li> </ul>