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| <p>Committee(s):</p> <p>Projects and Procurement Sub Committee – For decision</p> <p>Barbican Estate Residents Consultation Committee – For information</p> <p>Housing Management and Almshouses Sub Committee – For information</p> <p>Community and Children Services Committee – For information</p> <p>Barbican Residential Committee – For information</p> | <p>Dated:</p> <p>10/06/2024</p> <p>24/06/2024</p> <p>03/06/2024</p> <p>04/07/2024</p> <p>01/07/2024</p> |
| <p>Subject: Extension to Lift Maintenance – Residential Contract</p> | <p>Public</p> |
| <p>Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?</p> | <p>1, 2, 4, 12</p> |
| <p>Does this proposal require extra revenue and/or capital spending?</p> | <p>No</p> |
| <p>If so, how much?</p> | <p>N/A</p> |
| <p>What is the source of Funding?</p> | <p>Barbican – City Fund HRA – HRA Fund</p> |
| <p>Has this Funding Source been agreed with the Chamberlain’s Department?</p> | <p>Yes</p> |
| <p>Report of: Judith Finlay, Executive Director of Community and Children’s Services</p> | <p>For Decision</p> |
| <p>Report author: Damon Ellis, Contracts Manager, DCCS Robert Pine, Procurement and Contracts Manager, Commercial Service, COO</p> | |

Summary

The City has a contract with Guideline Lift Services Limited to provide Residential Lift Maintenance services to the Barbican and HRA Estate. This was awarded in 2019 for a period of 5 years. The contract term will end 30 June 2024.

The purpose of this report is to seek Member approval for a one-year contract extension to June 2025. This is needed to allow sufficient time for the re-procurement of the new contract. The new Housing management team are dealing with a number of legacy issues, including contract management. New staff have been appointed to ensure that future contract management and procurement is managed in an effective and timely manner. As part of the pending strategic procurement review, consideration will be given to what steps the Commercial service can take to report and highlight key reprocurement risks in the event of service inaction.

The report provides an overview of the operational and commercial performance of this agreement, the activities undertaken to establish the options available for the provision of the services from 1 July 2024, and recommends to members the option that officers consider to be the best approach to optimise future service delivery, provide commercial assurance, and to maximise impact towards the organisation's corporate strategic objectives.

Whilst the purpose of this report is to satisfy the Standing Orders, 51. Procurement and Contract Letting, and Rules 16, 25 and 30 of the Procurement Code, it is included in the agendas of the Barbican Residential Committee and the Barbican Estate Residents Consultation Committee, to communicate transparently to those affected by this contractual decision as it will affect their service provision.

Recommendation(s)

Members are asked to:

1. Approve a variation to the expiry date of the contract term to 30 June 2025 for Residential Lift Maintenance Services and an increase in the Total Contract Value of £423,740 to £2,542,440 (including the recommended extension (original contract value £1.98m). The current contract spend to date (May 2024) is £2,083,388
2. Note the estimated spend for the additional 12 months extension is £423,740.

Main Report

Background

1. A procurement process was undertaken in 2019 for Lift Maintenance Services and contracts were awarded under 2 Lots: 1. Corporate Lift Maintenance and 2. Residential Lift Maintenance.

2. The Corporate Lift Maintenance Contract was awarded to Amalgamated Lifts Ltd for a 5-year term expiring 30 June 2024. Work has been completed by City Surveyor's department to have a new contract with Amalgamated Lifts Ltd starting 1 July 2024.
3. The Residential Lift Maintenance Contract was awarded to Guideline Lift Services Limited for a 5-year term expiring 30th June 2024. This contract covered both the Barbican Estate and HRA. It became apparent to the new Housing management team, that the existing contract was due to expire on the 30 June 2024 leaving no other option to extend given the timescales required to undertake a procurement process for a new contract. A new contract manager was appointed in early 2024 and previously there has been limited contract monitoring for this service.
4. The City of London has seventy-one low to medium rise passenger lifts and nine high rise passenger lifts on the Barbican Estate (and one platform lift).
5. The City of London has forty-five low, medium and high-rise passenger lifts on the housing estates and three platform lifts.
6. The strategy in 2019 for separate lots for Corporate and Residential was decided upon to ensure that the differing bespoke nature of requirements across both areas are delivered, and ultimately the City's responsibilities for the Lift Maintenance services and its obligations to leaseholders are met.
7. The Corporate Lift stock services public lifts and those in corporate offices or goods lift for operational purposes. This portfolio requires a different set of specification requirements, SLAs, KPIs and financial model compared to the lifts within the Housing portfolio where the requirements of residents must be accommodated. It is not possible to award a contract which can encompass both requirements and therefore two separate contracts will be awarded.

Current Position

8. A decision is required from Members, as according to the Corporation's Standing Orders, 51. Procurement and Contract Letting, all procurement and contracts activity must be undertaken in accordance with the Corporation's agreed Procurement Regulations, The Procurement Code.
9. The Procurement Code rule 30. Contract Variations and rule 25. Waivers requires approval from the Procurement and Projects Committee where a New Total Contract Value is £2m or higher. This report considers a matter valued at £2,542,440 for Residential Lift Maintenance Services. Due to the proportion of the variation which is just over 20% (£27,740 over) the original contract value (£1,98m), there is minimal commercial risk to challenge given that the market will be aware that a procurement process is planned for.

10. The current contract with Guideline Lift Services Limited requires a Deed of Variation (Contract Extension) to extend by 12 months, this is needed to allow sufficient time for the re-procurement of the new contract.
11. There is insufficient time to reprocure before the current contracts expire on 30 June 2024 as a full procurement options appraisal will need to be undertaken.
12. Guideline Lift Services Ltd have agreed to continue their services for a further 12 months, terminating 30 June 2025. It has been confirmed with the incumbent contractor that there will be NO uplift applied to the existing contractual rates throughout the extension period.
13. The estimated spend for the additional 12 months extension is £423,740 across Barbican and HRA (Barbican £303,190 & HRA [REDACTED]).
14. Annual spending over the past 5 years (from 1 July 2019 to May 2024) is detailed below. *Please note that at the time of writing this report, the spend data retrieved via CBIS was set to May 2024, therefore May 2024 to the end of the current contract (June 2024) is estimated / averaged based on the previous year's spend.

| Financial Years & Contract Year | HRA | Barbican |
|---|------------|-------------------|
| July 2019- FY 2020 (Year 1) | [REDACTED] | £349,483 |
| FY 2020-2021 (Year 2) | [REDACTED] | £267,592 |
| FY 2021-2022 (Year 3) | [REDACTED] | £285,185 |
| FY 2022-2023 (Year 4) | [REDACTED] | £285,528 |
| FY 2023 to May 2024 (Year 5) | [REDACTED] | £302,893 |
| *Est. Spend (May 2024 – 30 June 2024) | [REDACTED] | £25,265 |
| Total Current Contract Spend (exc. Extension) | [REDACTED] | £1,617,013 |
| Cost to extend Contract (12 months) | [REDACTED] | £303,190 |
| Total Contract Value (inc. 12-month extension) | [REDACTED] | £1,819,140 |
| Total Contract Value Combined (inc. Extension) | [REDACTED] | [REDACTED] |

15. The spend is in line with the predicted estimated costs for the contract set at the outset.
16. The rationale for the contract extension will (1) allow sufficient time to explore the most appropriate route to market for the re tendering of this contract, (2) Housing management team can fully delve into the specification requirements and any the considerations / feedback from residents / leaseholders, TUPE and S20 process. (3) Mobilisation of the new contractor.

Options

17. The following options were considered:

- a) **Option 1** - to undertake an immediate procurement exercise for a Residential Lift Maintenance Service
- b) **Option 2** - Extend by deed of variation the current contract with the provider.

18. **Option 1** would allow for competitive bidding from the market. However, it would be a risk to conduct an immediate procurement exercise as this would not allow sufficient time for a thorough review of the service, understand resident concerns, and ensure adequate time for mobilisation of a new contractor.

19. **Option 2**, extending the current contract and deferring the procurement allows time to carry out time to develop an effective and improved service model. Re-procuring within the current timeframe introduces greater risk than that option 2. with the likelihood of ending up with a worse deal financially, poorer standard of service, and drain on internal resource, resident dissatisfaction, compared to allowing an additional 12 months to reprocure.

20. The procurement timetable is detailed in Appendix 1 to ensure that a new contract is in place in advance of the extension expiry date, 30 June 2025.

Proposal(s)

21. **Option 2** is the preferred option, as this would allow resident consultation to be undertaken and provide an opportunity for a thorough service review and the design of an improved service model.

22. The Facilities Services and Environment Category Board have approved the recommendation to extend the contracts by 12 months.

Corporate & Strategic Implications

This proposal aligns with key objectives in the Corporate Plan for 2024-29 where there is a commitment to ensure people receive good services, live in good quality homes, and can live independent and healthy lives. This proposal will also support the delivery of involving communities and our residents in co-creating fair and innovative outcomes.

Financial implications

The financial implications are set out in the body of the report.

Resource implications

DCCS Housing manage the current contract and will continue to do so for the extension. Section 20 consultation is not required for this extension. A new Management team has been embedded at the Barbican Estate over the previous two months to take ownership and full accountability for all existing and new contracts going forward (a newly appointed Assistant Director, Head of Property Services and a Contracts Manager). For HRA, the Housing Service has ensured that the right resources are in place to improve the management of the contracts (including a new AD for Housing starting 28th May 2024).

Legal implications

The proposed extension of the contract in favour of Guideline is permissible under Regulation 72(1)(b) of the Public Contract Regulations 2015 (PCR 2015), on the basis that:

- the procurement of an alternative contractor for an interim 12-month period would cause significant inconvenience and substantial duplication of cost for the City; and
- the value of the contract extension will not exceed 50% of the original contract value.

Risk implications

Not extending the current contract exposes the City to risk in respect of reputation by not having an adequate lift maintenance service. There is further risk by not being compliant with statutory Health and Safety regulations. Legal will be further consulted for any Public Contract Regulations 2015 modification notices that are required to be published.

Equalities implications

The current contract has been subject to a fully compliant City of London tender process which ensures that all legal requirements and City of London policies in respect of equality have been met.

Climate implications

The current contract has been subject to a fully compliant City of London tender process which ensures that all legal requirements and City of London policies in respect of climate and responsible procurement have been met.

Security implications

The current contract has been subject to a fully compliant City of London tender process which ensures that all legal requirements and City of London policies in respect of security have been met.

Conclusion

23. It is recommended that Members approve the extension of the Residential Lift Maintenance contract for a further 12 months, to ensure continuity of the service whilst a review of the approach to procuring a new Lift Maintenance contract is undertaken.

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