

THURSDAY, 02 NOVEMBER 2017

REPORT OF THE PORTFOLIO HOLDER FOR HOUSING SERVICES**URGENT RENEWAL OF PEEL HOUSE LIFT****EXEMPT INFORMATION**

Non-Confidential

PURPOSE

This report sets out the current situation in relation to the defective lifts in Peel House, the impact of lift renewals on the current capital programme and the implications relating to Leaseholders.

RECOMMENDATIONS

It is recommended that Cabinet approve:-

- Option 3 detailed in the report allowing for the installation of the EVEN lift to be delayed until at least May 2018 be endorsed
- The ODD lift is ordered immediately with a view to installing as soon as possible [Mid-March 2018]
- The consultation process for Leaseholders be waived to allow for immediate ordering and renewal of the ODD lift as it is assessed as immediate and necessary urgent works that without could constitute a breach to Health & Safety and compromise compliance with the Council's Home regulatory standard. Consultation on the EVEN lift was completed prior to ordering the EVEN lift.
- Leaseholders be charged the maximum amount allowable without having completed statutory consultation of £250.00 each. The contract for the installation of the ODD lift be awarded to Classic Lifts on the basis of their previous submission using a mini-competition under the Fusion 21 Framework
- The virement of £120,160 from the Housing Revenue Account Prior to Paint revenue budget to the Housing Revenue Account Lift Renewals capital budget to fund the installation of the ODD lift which is an addition to the programme.

EXECUTIVE SUMMARY

The Council as landlord is obliged to comply with the Home Standard¹ which requires landlords to:-

(a) provide a cost-effective repairs and maintenance service to homes and communal areas that responds to the needs of, and offers choices to, tenants, and has the objective of completing repairs and improvements right first time

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https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/419208/Home_Standard_2015.pdf

(b) meet all applicable statutory requirements that provide for the health and safety of the occupants in their homes.

To ensure regulatory compliance an assessment of the lifts at the high rise flats has been undertaken. Following a series of discussions with the Portfolio Holder for Housing along with Castle Ward members the recommendations being made incorporates political views and seeks to mitigate the headline risks are summarised as:-

- Following planned works to replace 4 lifts at the high-rise; commencing with Peel house EVEN the ODD lift has developed a series of recurrent faults taking it out of service temporarily
- Mobility Scooter misuse is judged to be the cause of 77% of the breakdowns
- If Peel EVEN went ahead for replacement (taking it out of action for up to 12 weeks) Peel ODD could be highly likely to experience further fault – effectively meaning there is no lift access available in Peel house

There are two lifts in each of the high-rise blocks, other than at the ground floor and top floor each lift stops at alternate levels (ODD/ EVEN).

Under the current HRA capital programme four lifts had been identified for renewal in four different blocks, these had been selected based on recent historic failure rates and the age of the lift; the lifts have been selected for renewal as they have reached end of life and parts are becoming obsolete. To comply with our obligations under the Commonhold & Leasehold Reform Act consultations have taken place with all Leaseholders in the affected blocks. Lifts were subsequently procured by way of a mini-competition within the Fusion 21 Framework agreement. The consultation process for Peel House only included one lift, that being the EVEN lift and as such there has been no consultation for the second lift, the ODD Lift.

At the time of agreeing the programme there had been frequent failures of the EVEN lift in Peel House and as such this lift was scheduled for replacement. Since placing the order for this lift we have experienced a number of failures with the ODD lift, one of these failures have left the lift out of action for several weeks. In addition to failures due to age/obsolescence there have been a number of failures resulting from resident misuse, namely impact damage from mobility scooters. The Housing Management Team are working with residents to address these issues.

The EVEN lift has been ordered and is now approaching the end of the off-site manufacturing period, the original plan being to commence installation towards the end of October 2017 with completion being due in January 2018. Following a consultation with Members and colleagues in the Business Continuity Team the decision has been made to postpone this installation until May 2018, this will give us sufficient time to implement contingency plans as it is felt to be inevitable that at some point during 12 week installation period both lifts will be out of action for a period due to mechanical failure. The cost of delaying until January is approx. £2k, if we delay until after the ODD has been installed the cost would be approx. £5k.

During discussions with Members concerns were raised over the decision to renew the EVEN lift first when it is now the ODD lift that appears to be suffering the most frequent number of breakdowns. Members have asked that we consider delaying the installation of the EVEN lift and instead bring forward the installation of the ODD lift which would then be followed by the EVEN lift later in 2018.

Whilst there is no technical or physical reason preventing this there are some issues that would need to be resolved.

Procurement

The original procurement process was for 'up to six lifts'; we have entered into contract and currently have approved budget for four. The ODD lift in Peel House was not one of the

original six procured, however the tendered price for each lift is the same so from a price consideration swapping out one of the remaining two lifts for the Peel House lift would not be an issue

It should also be noted that Leaseholders, if properly consulted, may nominate their own supplier from whom tenders should be invited. This has never been taken up previously by Leaseholders but the option exists.

Budget

The budget for 2017/18 is sufficient to install four lifts, a contract has been entered into for four lifts. We know that given the current timing of the programme it will not be possible to complete all four lifts before March 2018 and as such 75% of the programme is going to be re-profiled into 2018/19. A Capital Bid has been submitted for additional lifts to commence from 2018/19. Arrangements would need to be made to either bring forward budget from future programmes or to release funds from revenue to enable an order to be placed for the ODD lift within the current financial year.

Leaseholder Consultation

We have only consulted with Leaseholders over one of the two lifts in Peel House although it should be noted that the specific lift was not identified in the consultation. The consultation process, if followed strictly takes a minimum of three months to complete, assuming that there are no valid representations and assuming that none of the Leaseholders nominate their own preferred supplier to tender.

If we do not properly consult Leaseholders they would have grounds to challenge any future demands for payment in relation to the lift installation; if successful this would limit their liability to £250.00 per Leaseholder. There are 11 Leaseholders in Peel House; each would be liable to contribute £2071.00 giving a total of just over £20k which would be lost if Leaseholders are not properly consulted.

It should be noted that precedent has existed where due to the immediate and necessary nature of the works consultation has been dispensed with to avoid unnecessary hardship to tenants & leaseholders' and to mitigate serious health and safety considerations in the event of further component failure. Whilst a breakdown history shows that Peel ODD appeared out of service the same amount of times as Peel EVEN; within the last 12 months it has been Peel ODD that has been out of action for longer – upwards of 5 weeks if all the lost days are added together compared with 8 days to the Peel EVEN – accepting of course this is not continuous loss of the lift rather a series of intermittent faults that when added together give a cumulative loss in service.

Reputational Damage

Guidance has been sought from the Councils Corporate Press Officer and the recommendations supported. Cabinet should be aware of the national press attention and that the Council would be criticised if it is perceived to have replaced the opposite lift to that breaking down and there would be little sympathy if works were undertaken in the full knowledge that both lifts being out of service was likely if Peel Even was done first. At the point in time that the EVEN lift was ordered it had been the lift that had suffered the greatest number of failures; in recent months the ODD lift has suffered more frequent failures. There have already been a number of negative comments made through the Tell Us process and through Social Media there has also been interest from the press. The concern is that residents and the press will be highly critical of the Council if we proceed with the replacement of the EVEN lift before the ODD lift given the current issues.

OPTIONS CONSIDERED

Do Nothing

Given the frequency and severity of the breakdowns and failures over recent weeks and months doing nothing is no longer an option as it is clear that the lift has reached 'End of Life' and that keeping the lift running in the longer term is not realistically achievable.

Defer Renewal until the 2018/19 Programme

Delaying the ordering of a new lift until April 2018 will mean that the actual installation wouldn't take place until July 2018 due to the length of time it takes to manufacture the lift 'off site'. It is almost certain that the lift will suffer regular failures between now and July, there is also a very real likelihood that there will be an irreparable failure during that time.

Option	Risks	Benefits	Timeline Lift 1	Timeline Lift 2
1. Do Nothing (continue with original plan)	Both lifts fail in Peel house in the run up to Christmas leading to a significant council wide business continuity challenge	Time to undertake the requisite leaseholder consultation allowing for a charge to Peel House residents for both lifts No additional costs for storing the manufactured lift EVEN	EVEN LIFT Installation of EVEN lift commences Nov 17 for a period of 12 weeks	ODD LIFT Consultation Letter 1 issued in Nov 17 with 28 day response time. Procurement if required during Dec 18 Consultation Letter 2 issued Jan 18 with 28 day response time Order placed Feb 18. Off site manufacture 14 weeks. Commence installation May 18 for period of 12 weeks.
2. Delay Programme starting with Peel EVEN in January 2018 followed by Peel ODD in March 2018	Both lifts failing creates major disruption and even though after Christmas for planning is still assessed as a more of a risk than doing Peel ODD first	Lift works could commence on Peel EVEN which historically has suffered breakdowns (although not recently).	EVEN LIFT Installation of EVEN lift commences Jan 18 for a period of 12 weeks	ODD LIFT Place order for ODD lift Nov 17 Offsite manufacture 14 weeks Commence installation March 18 for

				period of 12 weeks.
3. Delay Programme, dispensing with leaseholder consultation allowing Peel ODD to be manufactured immediately following cabinet and Commence replacement with Peel ODD in January 2018 followed by Peel EVEN in March 2018	As above	Delaying allows for careful planning to put appropriate and proportionate arrangements in place to support all residents Peel ODD being done first will be expected as this is the one with most recent breakdown	ODD LIFT Place order for ODD lift Nov 17 Offsite manufacture 14 weeks Commence installation March 18 for period of 12 weeks.	EVEN LIFT Commence installation of already manufactured lift in May/June 18 for a period of 12 weeks.

RESOURCE IMPLICATIONS

- There is a cost in delaying the installation of the EVEN lift as it will have to be stored. If delayed until January this would be approx. £2k if delayed until after the ODD lift is complete it will be closer to £5k
- Failure to properly consult with Leaseholders could lead to a failure in being able to collect service charges which would be in the region of £20k.
- Cost implications of a double failure is assessed as being approximately £10k per night which represents having to find 40 of the 56 households temporary accommodation if they could not return to their flat. Whilst the even lift is being repaired should the odd lift fail for up to a week this could cost up to **£100k** in temporary decant and associated management arrangements.

There is insufficient budget within the 2017/18 HRA Capital budget to enable an additional lift to be ordered. Delays in the delivery of the wider High-Rise works pending the outcome of a planning application will result in an underspend of the Housing Revenue Account Prior to Paint [HRA PTP] budget this underspend will exceed the £120,160 required to fund the installation of the additional lift and as such £120,160 should be vired from the HRA PTP Revenue Budget to the Housing Revenue Account Lift Renewal Capital Budget to fund the installation of the additional lift.

LEGAL/RISK IMPLICATIONS BACKGROUND

As the lifts concerned are end of life it is clear that all options present risks and it is possible both lifts could fail regardless of the recommendations being made. However by using the breakdown history in terms of lift failure it is a lower risk to a) defer the programme until after Christmas when any reduced lift capacity would cause the most disruption and b) commence with the ODD Lift as reputationally the perception is that this has been the most likely to break down.

Head line risks are

Risks	Mitigation
Whilst 1 lift is out of service for up to 12 weeks during replacement this leads to a negative impact on those residents using the lift for their floors (up to 22 households as ground floor and penthouse are not reliant on the lift)	There is a routine project risk assessment for the high rise planned work. 1 Lift being out of service during replacement is well mitigated with a range of support services including temporary accommodation &/or decant arrangements if necessary as well as usual welfare and targeted support from local scheme staff; free deliveries for shopping from the co-op and weekly progress updates
Both lifts in the same block fail resulting in 54 of the 58 flats being affected (- 4 ground floor)	This creates a serious issue around business continuity. The Councils Business Continuity team is working on plans should this eventuality be realised and arrangements are being put in place. However it needs to be recognised that managing issues around a double failure will require the allocation of significant staff and financial resources. Furthermore there is the potential for significant disruption for up to 40 households some of which will require rehousing on a temporary basis.
Tenant &/or Leaseholder Dissatisfaction that plans have been delayed	The Portfolio Holder for Housing is keen that once Cabinet have made a key decision then an explanation of this will be communicated and sufficient lead in time provided for resident targeted support
Waiving charges for leaseholders could raise questions of equity across other charges	Peel House leaseholders are already paying for 1 lift. It is perfectly legitimate to identify works that are immediately necessary in accordance with Health and safety thereby seeking to waive this specific consultation process

SUSTAINABILITY IMPLICATIONS

BACKGROUND INFORMATION

Due to the urgent nature of these works it has not been possible to issue 28 days notice of a key decision as such notice under The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 Paragraph 10 has been issued and is attached as Appendix 5.

REPORT AUTHOR

- Paul Weston, Head of Asset Management.
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LIST OF BACKGROUND PAPERS

APPENDICES