



## Maintenance of Escalators, Travelators and Lifts – award of contract

**Date of meeting** 10 February 2017

**Date of report** 26 January 2017

### Report by Assistant Chief Executive (Operations)

#### 1. Object of report

To recommend that the Partnership approve the award of the five year contract option for the maintenance of SPT escalators, travelators and lifts to Otis Ltd.

#### 2. Background

##### 2.1 Introduction

On 15 April 2011, the Partnership approved the award of the contract to Otis Ltd for the design manufacture and installation of new escalators for SPT Subway. At this stage, the Partnership also approved the analysis of the maintenance option of both existing and new escalators contained within the tender document.

On completion of this analysis, on 21 February 2012 the contract for the maintenance of new and existing escalators and travelators was awarded to Otis Ltd. This contract was awarded for 5 years with the option to extend for a further 5 years.

In August 2016, SPT entered into contract negotiations with Otis Ltd regarding the option to extend for a further 5 years. With the installation of lifts at two Subway stations and a further five existing lifts across SPT estate, namely; Broomloan depot, Shields Road Car Park, Buchanan Bus Station and 131 St Vincent Street (2 no), a decision was taken to include all lifts within the SPT estate in this contract. The negotiations aimed to establish best value for SPT throughout the contract life.

##### 2.2 Needs summary

The current SPT contract with Otis Ltd is due to expire on 28 February 2017. The maintenance of escalators, travelators and lifts is vital to ensure the efficient, reliable and safe operations of these assets. This contract ensures SPT comply with Sub-surface regulations, for the subway, where our obligation is to provide equipment which is in working order and fully maintained, to ensure public safety.

As well as the regulatory obligation, providing escalators is essential to SPTs customers as it ensures ease of access and egress to Subway stations, without these it could affect our patronage particularly at peak passenger travel times, with the customer experience being significantly impacted.

## 2.3 Requirement summary

The requirement is to ensure the assets are in working order and fully maintained. Due to the initial 5 year contract period covering both old and new escalators and travelators, there were items which were not contained within the original requirement scope, therefore, the negotiation presented an opportunity to ensure the option to extend for a further 5 years included a fully preventative inspection, maintenance and reactive repair service in the respect of SPT's escalator, travelators and lift assets.

## 2.4 Aims and objectives

The overall aims and objectives of this supply provision are:

- To ensure the safe operation and reliability of assets;
- To ensure efficient and safe passenger access and egress;
- To comply with sub-surface regulations;
- To maintain ease of passenger flow through stations; and
- To ensure best value for SPT.

## 3. Outline of proposals

### 3.1 Scope of supply

The requirements for SPT are:

- Preventative inspection and maintenance (planned and reactive) of 28 escalators, 2 travelators and 10 lifts;
- Provision of inspection and maintenance (planned and reactive) of heat and fire detection equipment associated with all escalators and travelators; and
- Provision of all labour parts and consumables associated with 28 escalators, 2 travelators and 10 lifts.

The contract period is until 28 February 2022.

### 3.2 Procurement – negotiated process

In accordance with previous Partnership approval which included the option of a further 5 years contract, SPT entered into negotiations to establish opportunities for improving the service provided, increasing efficiencies and delivering cost saving, in conjunction with securing the on-going service supply for the defined period of 5 years.

This process comprised both a quality submission and fully costed proposal by Otis and included a number of meetings attended by SPT procurement, contract compliance and subway team. Otis proposals were fully scrutinised by the SPT team with an overview by SPT Senior Director.

### 3.3 Cost of existing maintenance

In order to directly compare and negotiate an improved price, the costs for the previous five years were analysed in detail and in particular the year 2016/17 was used as the key reference point as during this year all existing escalators and travelators had been replaced with new units. For 2016/17, the cost for the current maintenance contract is £356,320.

### 3.4 Proposed costs

Following detailed negotiations and based on lessons learned from the current contract, through effective contract management, SPT was able to negotiate the following enhancements to the original contract:

- Heat and fire detection equipment associated with all escalators and travelators are now included under a comprehensive maintenance contract including all parts and labour;
- Included in the contract is the defined Service Level Agreements which includes both response and fix time, which are now better aligned to the operational requirements of Subway;
- Included within the contract are Liquidated Damages linked to the SLAs; and
- Exclusions within the contract are now limited only to misuse and vandalism and the onus in the contract is for the supplier to prove such instances.

The final negotiated price for all escalators and travelators, including the above enhancements is £343,846 per annum. This represents a saving of 3.5% on the original contract price.

In addition and as noted previously, the contract now includes all 10 lifts within the SPT estate under a comprehensive maintenance contract including all parts and labour. The negotiated price for this element is £21,039 per annum. Due to the fact we now have five additional lifts within subway and previously the existing lifts elsewhere in the estate were maintained in a more disparate manner, there is no direct comparison for this element. However, further analysis of this including the risks relating to maintaining the existing lifts of various ages and condition has shown this represents a competitive price.

## 4. Conclusion

The contract negotiated with Otis Ltd has resulted in a fully comprehensive scope of maintenance and repair coverage for all SPT lifts, escalators and travelators for a total price of £364,885 per annum (comprising £343,846 for escalators and travelators plus £21,039 for lifts), subject to annual variation in line with CPI.

The costs for escalators and travelators represent a direct saving of 3.5% against the previous contract price as well as now including additional scope of work and a more robust performance regime in favour of SPT. This price together, with the inclusion of the price for maintenance of the ten lifts is therefore considered to be best value.

## 5. Further information

In order to support community benefits, Otis is committed to the recruitment and training of local people and currently employ within the Strathclyde area 14 fully qualified engineers, 4 modernisation engineers and 3 managers. Otis UK currently has 41 apprentices in various stages of their development. There are 5 based in Scotland with 3 apprentices living locally in the Glasgow and Paisley area and Otis will be recruiting again in the Glasgow, Lanarkshire and Renfrewshire area this year. Over the period of the next 3 years, Otis expect to have recruited 4 or 5 apprentices from the greater Glasgow area and this contract plays a key part of their ability to fulfil their wider apprenticeship programme.

## 6. Partnership action

The Partnership is recommended to approve the award of a contract to Otis Ltd for the maintenance of SPT escalators and lifts for a period of 5 years at an annual cost of £364,885 (subject to annual variation in line with CPI).

## 7. Consequences

Policy consequences	<i>None identified.</i>
Legal consequences	<i>Contractual agreement to be entered into.</i>
Financial consequences	<i>The annual cost of this contract will be contained within the proposed 2017-18 budget.</i>
Personnel consequences	<i>None identified.</i>
Equalities consequences	<i>None identified.</i>
Risk consequences	<i>Failure to secure agreement could lead to non-compliance with Sub-surface regulations and deterioration of assets.</i>

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