



MALLS LIFTS REPLACEMENT & REFURBISHMENT

Cllr Hannah Golding, Cabinet Member for Property

Report to:	Cabinet Council
Meeting date:	6 July 2021 15 July 2021
Ward(s):	All
Key Decision:	Yes
Appendices:	Appendix 1: Plan of Malls
Papers relied on: Background Files	None

Foreword - Cllr Hannah Golding, Cabinet Member for Property

The council owned Malls shopping centre and the adjoining car park is a key property asset for the council and generates significant revenue which needs to be protected. They are also a prominent asset in terms of visibility and economic activity in the town and needs to be supported.

The new lifts and refurbishment of three others will assist in ensuring access arrangements and that they don't deteriorate, the replacement lifts with their larger capacity will also benefit wheelchair users and provide improved access to the Anvil Theatre.

Whilst the Town Centre Strategy work continues it will be many years before any redevelopment occurs at the Malls and the new lifts are seen as a necessity and whilst alternative options have been reviewed replacement is seen as the best and most economic option. It is essential for the economy of the town to continue especially post pandemic and the replacement lifts will be important in adding to the objective.

Cabinet agrees to:

- 1) Approve the significant refurbishment of lifts 1,2 & 3 at the Malls the cost of which will be recovered from the service charge to occupiers except for £0.10M which will be met from within existing budgets.

Cabinet Recommends Council to:

- 1) The addition to the council's capital programme of a scheme to replace lifts 4 & 5 at the Malls with approval to spend in 2021/22 and 2022/23 to be funded from capital in the sum of £0.3m.

Background, corporate objectives and priorities

This project aids the council's priority Strengthening Communities and specifically adds to the town being accessible and inclusive.

Glossary of terms

Term	Definition
JLL	Jones Lang LaSalle

Main considerations

1 Executive Summary

- 1.1 Approval is recommended for the replacement of two lifts and the extensive refurbishment of a further three lifts at the council owned shopping centre, The Malls. Unrecoverable capital expenditure for the two replacement lifts is estimated to be £0.30M including contingency and fees.
- 1.2 A further three lifts are recommended to be refurbished for a similar cost, but it is anticipated that the cost can largely be recovered through service charge although it is anticipated a shortfall of circa £0.10M will result because of letting voids and service charge caps. This cost will have to be met from existing revenue budgets.
- 1.3 Should the lifts not be replaced, it will affect access to the retail space and car parks with a likely result of a decline in shopper numbers and a decrease in revenue, also making access to the Anvil theatre less attractive. Options of closure of the lifts or continued running repairs have been considered and are not recommended as expanded on in this report.

2 The Proposal

- 2.1 The Malls, constructed in 1971, is a partially covered shopping centre. It comprises approximately 220,000 sq. ft. of retail space with a linked multi-storey parking providing approximately 500 car parking spaces. The latest refurbishment to The Malls which included major works on the lifts that service the Anvil (lifts 4 and 5) were carried out in 2010.
- 2.2 There are 2 sets of public lifts in the Malls, Basingstoke. Lifts 1, 2 and 3 are by Primark and lifts 4 and 5 are close to the Anvil. The lifts between the Mall Shopping Centre and the Anvil theatre (4 and 5) have broken down on several occasions and the situation is becoming worse. This has caused several complaints from the theatre customers being unable to use the lifts to return to their cars. It is also worth noting there is no safe pedestrian route between the lifts at the car park level.
- 2.3 In the past year there have been 34 breakdowns at a cost of £0.043M, over the previous year there were 22 breakdowns at a cost of £0.025M. Parts for the lifts to effect repairs are difficult to source as the lifts 4 and 5 are no longer manufactured.

- 2.4 Lift breakdowns of 4 & 5 cause issues for the Anvil, the shopping centre and car park. Breakdowns also cause greater strain on lifts 1, 2 and 3 and consequently, the number of breakdowns of those lifts has increased.
- 2.5 The lifts also service the car park that commuters use, and 24/7 access is required. The lifts are fundamental to the operation of the Malls and the car park above it. The current cost and amount of time the lifts are not working is unacceptable and therefore the replacement of lifts 4 and 5 and the refurbishment of lifts 1, 2 and 3 are necessary.
- 2.6 Most of the breakdowns have come from lifts 4 and 5, however the frequency of breakdowns to lifts 1, 2 and 3 has been increasing. Some breakdowns are fixed within 24 hours, but some have taken months to fix as the parts for lifts 4 and 5 are sourced from Italy.
- 2.7 A survey of lifts 4 and 5 was undertaken in 2018 and, due to the light duty construction nature of these lifts, the recommendation was to replace them rather than face future maintenance costs as their economic life has been exceeded.
- 2.8 Lifts 1, 2 and 3 are more robust and suited for heavy use however due to their age are in need of significant refurbishment. These works could be done at the same time or in later years.
- 2.9 Brand new lifts are required to replace lifts 4 and 5 (The Anvil) as the present ones aren't robust enough for serving a car park that is open to the elements. The new greater capacity lifts will fit into the existing lift shafts and be fit for purpose. The lifts will have a life span of ten years when installed.
- 2.10 The expenditure on new lifts would be deemed as improvements that cannot be recovered via service charge, whilst the cost of refurbishments to lifts can be included in the service charges. However, even with the recovered elements, a shortfall is likely to result due to void units and service charge caps.
- 2.11 Undertaking a rolling programme of refurbishment works to lifts 4 and 5 has been considered but a combination of cumulative maintenance costs, down time due to breakdowns and availability of parts from the lift supplier based in Italy means that this option is not recommended.
- 2.12 The usage of the lifts has been analysed to see if it is possible to close lifts 4 & 5 down completely and rely only on lifts 1,2 and 3. This has been discussed with the management agents and staff on site in the Malls and the strong feedback is that the queues will be unacceptable with greater strain placed on these lifts which is likely to result in more frequent breakdowns and loss of reliability.

Summary of Quotes.

	Size of Anvil lift replacement.	Availability/ Time	Warranty on repair	Warranty on New	Cost of repair of lifts 1, 2 & 3	Cost of new lifts 4 & 5
Quote 1	800KG/ 10Pers	TBC	12 months	12 months	£136,230	£231,740
Quote 2	900KG/ 12Pers	TBC	12 months	12 months	£227,484	£272,224
Quote 3	900KG / 12 Pers	Assuming 1 lift at a time, Lifts 1, 2, 3 – 38 weeks Lifts 4, 5 – 32 weeks	12 months	12 Months	£232,800	£238,600

- 2.13 The works will be procured and managed by JLL, the management agents for the Malls; the cost of which is covered by their existing management fee. A company called Focus FM specialising in lifts will review the above tenders in more detail and provide a tender report and recommendation. There will be a cost for this activity which will have to be met from within existing budgets.
- 2.14 The methodology of undertaking the works to the lifts will be designed to minimise down time of the lifts and ensure that the maximum number of lifts are retained in operation at any one time. Signage for wayfinding will be managed by the Malls staff and freshening up the stairwells will be undertaken to encourage people to take alternative routes; this latter item would be recoverable via service charge.
- 2.15 The overall programme for design, ordering and installation is expected to be 32 to 38 weeks.
- 2.16 A fee of £25,500 needs to be allowed for overseeing the commissioning and delivery of works. Focus FM will undertake this work after a tender exercise. A contingency of 17% is included in the total cost to allow for unforeseen issues and building material inflation, the use of the contingency will be closely monitored and retained if possible. These costs and contingency are included in the £0.30M request.

3 Key issues for consideration

- 3.1 Strengthening Communities, which includes inclusiveness of access, is a key council priority especially with a theatre and retail offer which has been severely affected by the pandemic.
- 3.2 The town centre strategy is a developing piece of work which, if implemented, is likely to bring some substantial physical change to the town including a potential for redeveloping or repurposing of the Malls. The implementation of any plans is several years away and their delivery is not guaranteed. New lifts

are required regardless and will support both the income from the retail units and car park revenue.

4 Options Analysis

Option	Description	Comment
1	Do nothing (Not recommended)	This will lead to more frequent breakdowns and lifts being out of action complaints from shoppers, theatre goers and commuters and detract from the attractiveness of letting retail units in the Malls. The availability of parts over the next 10 years would be a concern with longer down times if sourcing becomes an issue.
2	Close Lifts 4&5 (Not recommended)	The strain placed on lifts 1, 2 and 3 would likely lead to more frequent breakdowns. In addition, queues at peak times are likely to result with a greater distance to travel for theatre goers.
3	Replace lifts 4&5 and defer refurbishment of lifts 1,2,3 for 12 months (Not recommended)	A piecemeal solution but could result in a deferment of expenditure on lifts 1,2 & 3 by 12-24 months only.
4	Replace lifts 4&5 and refurbish 1,2 &3 (recommended)	This solution would ensure the lifts are more reliable and reduce future maintenance and risks of service charge non recovery

Corporate implications

5 Legal

- 5.1 The cost of the capital works deemed as improvements is excluded from the service charge provision and is not recoverable under the terms of the leases.

6 Financial

- 6.1 There is an expected net revenue cost in 2021/22 to the council of £0.10M to refurbish lifts 1, 2 & 3. This will be offset by maintenance costs that would have been otherwise incurred and will therefore be met from within the existing revenue maintenance budget for 2021/22. This should also result in lower maintenance costs in the following financial years.

The cost of replacing lifts 4 & 5 will result in a net cost of £0.30M phased in 2021/22 and 2022/23. There is currently no capital scheme or budget. It is therefore requested that Council gives approval for the scheme be added to the Capital Programme in 2021/22 for a total of £0.30M with approval to spend. This will be funded from Capital Receipts. The scheme will be monitored through the council's Capital Programme Board including any proposed use of the contingency.

Whilst the project will be managed and procured on behalf of the council by the Mall management agents, JLL, the Council is liable for the replacement costs. The cost of their support will have to be met from within existing revenue budgets.

7 Risk management

- 7.1 A risk assessment has been completed in accordance with the council's risk management process and has identified no significant (Red or Amber) residual risks that cannot be fully minimised by existing or planned controls or additional procedures.
- 7.2 A further risk assessment will be undertaken before contract award and will cover building cost inflation, availability of equipment and programming relating to the lift's installation. A contingency allowance of 17% is allowed and should cover any issues encountered.

8 Equalities

- 8.1 The installation of the lifts will improve access and will meet one of the council's key priorities of Strengthening Communities by being more accessible and inclusive.

9 Consultation and communication

- 9.1 The Property Team and their agents JLL will communicate the work programme and directed to other lifts when work is being carried out and will develop key messages with our Communication team.
- 9.2 Support will be offered by the Malls staff in terms of directing and assisting customers during the works
- 9.3 Lift access will be maintained during the works but may result in some disruption and queues at peak hours.

10 Climate change

The lifts installed and refurbished will make their energy use more efficient and will therefore have a **positive** impact on climate change.

11 HR

There are no direct HR issues related to this matter.

Conclusion

12 Summary and reason for the decision

To RECOMMEND the replacement of lifts 4 and 5 at the Malls to ensure access to the shopping centre and council owned car park which will support the retention of revenue and access to the Anvil theatre.

To NOTE that lifts 1, 2 and 3 are refurbished using service charge funds but that there will likely be a £0.10M shortfall that will have to be met from existing maintenance budgets in 2021/22.

13 The options considered and rejected

- 13.1 The options are contained in section 4 and the option recommended is Option 4 to replace two lift cars and refurbish a further three.

Date:	6 July 2021 15 July 2021
Decision taken by:	Cabinet Council

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Version	Final
Dated	21/06/2021
Status	Open
Confidentiality	N/A