



Executive Director for Corporate Resources

Report title: Approval for Contract Award – Contract 1, Phase 1 maintenance works for Corporate Estate Maintenance Program

Date: 6 June 2022

Key decision: Yes

Class: Part 1

Ward(s) affected: Bellingham, Downham, Grove Park, Ladywell, Rushey Green, Sydenham

Contributors: Peter Allery, Group Finance Manager and Kplom Lotsu, SGM Capital Programme Delivery, Petra Marshall - Senior Programme Manager, Capital Programme Delivery and Legal Services.

Outline and recommendations

The purpose of this report is to seek approval from the Executive Director for Corporate Resources to award a 6 month contract following an open tender exercise for Contract 1, Phase 1 of the Corporate Estates Maintenance Programme (CEMP).

It is recommended the Executive Director for Corporate Resources approve the appointment of **Hilton Abbey Limited** as Principal Contractor for maintenance works, for the tendered sum of **£557,221.00**

Timeline of engagement and decision-making

The tender opportunity was advertised on 28/01/22 – 04/02/2022. Via the Council's online tendering system (Pro-Contract Procurement Portal), as per the Council's Contract Procedure Rules.

Corporate Estate Maintenance Program (CEMP) Approval to procure maintenance works for phase 1 - November 2021

This procurement is a key decision as the value of the works is £557,221.

1. Summary

- 1.1. The purpose of this report is to seek approval from the Executive Director of Corporate Resources to award a contract for maintenance works for 13 buildings across 3 sites included in Contract 1, within Phase 1 of the Corporate Estates Maintenance Program (CEMP) in line with the approvals obtained from Executive Director for Housing, Regeneration & Public Realm in November 2021 (report attached as Appendix A).
- 1.2. Hilton Abbey Limited submitted the most economically advantageous bid based on quality and price and have demonstrated comprehensive skills, knowledge, experience and capability to deliver this project
- 1.3. Following completion of an open procurement process, officers recommend that Hilton Abbey Limited are awarded a contract for a period of 6 months for this service

2. Recommendations

It is recommended that the Executive Director of Corporate Resources approves the award of contract to Hilton Abbey Limited for the first phase of the Corporate Estate Maintenance Program at a value of £557,221.00. This contract is for maintenance works to be carried out on 13 buildings across 3 cemetery sites.

3. Policy Context

- 3.1. The Council's corporate estate provides a wide range of functions and services including office accommodation, community facilities, adult learning, libraries, bereavement services, children and youth services, social care and health provision and so on. As such, the proposed maintenance programme for the corporate estate will directly contribute to the delivery of the Council's Corporate Strategy 2018-2022 and its seven corporate priorities:
 - Open Lewisham
 - Tackling the housing crisis
 - Giving children and young people the best start in life
 - Building an inclusive local economy
 - Delivering and defending: health, social care and support
 - Making Lewisham greener
 - Building safer communities
- 3.2. In addition and more specifically, the modernisation of the corporate estate allows the opportunity for significant environmental enhancement, for example through the installation of LED lighting, which is consistent with the Council's energy policy, which was agreed at Mayor and Cabinet in July 2014, and more recently the Council's

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commitment to the borough being carbon neutral by 2030 and development of a Climate Change Action Plan.

- 3.3. The contents of this report also support the Council's regeneration strategy: 'People prosperity and place' which sets out Lewisham Council's vision for the future of the borough. It sets out how the Council, with its private and public sector partners, will work to transform the borough through physical, social and economic regeneration
- 3.4. An Asset Review is currently underway which will assess the Council's estate (core office campus, service and operational estate, and commercial estate) to understand where potential consolidation can take place, savings can be made and asset value maximised. The corporate estate maintenance programme sits in parallel to this piece of work and will help provide evidence on the condition of assets under review and the investment required.

4. Background

- 4.1. The Council's corporate estate consists of approximately 100 assets, for which they undertake some or all repairs and maintenance.
- 4.2. In 2019 condition surveys were undertaken across the council's corporate estate to provide officers with detailed information to develop a corporate estate maintenance programme (CEMP) to invest in and maintain the council's asset base over the next 8-10 years. Benefits include less interruptions to critical operations due to building or equipment failure, longer asset life, improved efficiency and energy performance, increased safety and compliance, and reduced repair costs
- 4.3. In order to deliver the CEMP, the works identified through the condition surveys will be delivered in one or two year cycles
- 4.4. Pellings PLC were appointed in May 2021 to provide the Employers Agent and multi-disciplinary services role for the CEMP for the Financial Years 21/22 and 22/23 with the potential to also support financial years 23/24 and 24/25 dependent on performance

5. Corporate Estate Maintenance Programme – Contract 1 - Phase 1

- 5.1. In May 2021 Pellings were instructed to develop a programme of works for the 60 buildings that are now in scope for the CEMP.
- 5.2. This information was used to develop a programme that packaged the works required into phases according to priority, with the maintenance works for the properties in phases 1 and 2 deemed to be the most urgent. (See Appendix C)
- 5.3. Within each phase the properties have been further grouped into contracts according to the types of maintenance works required and geographical location. This was done to achieve economies of scale, and reduce the risk of failure by ensuring they can be delivered by one contractor
- 5.4. Contract 1, Phase 1, included 18 properties across 3 cemeteries as set out in the table in Appendix B.

6. Procurement Process

- 6.1. The procurement opportunity (Tender) was advertised via the Council's online tendering system, which publishes opportunities through the London Tenders Portal, Contracts Finder and into the Find a Tender service, as per the Council's Contract Procedure Rules on 28th January 2022.
- 6.2. Following an open tender exercise, on 4th February 2022, 3 submissions were received, 2 of which were compliant. The one non compliant bid failed to submit a

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completed Form of Tender, Pricing Schedule and a complete response to method statement questions.

- 6.3. During the tender period an addendum was issued on 26th January 2022 which included a revision to the proposed works to the Chapel at Grove Park and bungalows at Grove Park and Hither Green.
- 6.4. Moderation sessions were led by the Senior Procurement Officer. The evaluation panel consisted of an Associate Building Surveyor from Pellings, Capital Programme Delivery Project Manager and Project Officer.
- 6.5. The full tender submissions were evaluated based on the following criteria:
- Financial detail including price 50%
 - Service Delivery 15%
 - Technical Ability 15%
 - Project Management 10%
 - Health and Safety 5%
 - Social Value 5%
- 6.6. The evaluation was made up of 50% price and 50% quality, incorporating 5% for social value.

7. Tender Evaluation and Synopsis of the bids received

- 7.1. The price of each tender was evaluated using the Lowest Price Option, as follows:

Price score = 50 x (lowest valid tender x Form of Tender price)

This means that the lowest price submitted would receive the highest score for the financial element of the evaluation.

- 7.2. The qualitative assessment was based on the tendering consultant's responses to the method statements included in the ITT. These were used to test tenderers' understanding of service requirements. The questions are summarised in the table below:

QUALITY		
Criteria		Weighting
MS 1*	Service Delivery	15%
MS 2*	Technical Ability	15%
MS 3a*	Project Management – Mobilisation and project management	6%
MS 3b*	Project Management – Project Planning and milestones	4%
MS 4	Health & Safety	5%
MS5	Social Value	5%
MS 6	COVID-19 Implications (for information only)	N/A
MS 7	Climate Change (for information only)	N/A
MS 8	GDPR and Data Handling (for information only)	N/A
Total Quality Weighting		50%

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- 7.3. The scoring was awarded on a scale of 0 – 10. 1 being inadequate and 10 being perfect.
- 7.4. Criteria marked with an asterisk (*) in the table above, required a minimum quality score of 7 to be considered valid. Criteria not marked with an asterisk (*) were required to achieve a minimum quality score of 5. Any Tender which failed to attain these minimum scores would be deemed invalid.
- 7.5. The tables that follow summarise the final quality, price scores and overall scores for each tender
- 7.6. **Method Statement Evaluation (Quality) :**

Rank	Tenderer	Weighted Quality Score
1	Hilton Abbey Limited	37.00
2	Company A	34.50
N/A	Company B	Submitted incorrect documents

- 7.7. The quality of the tenders were of a good standard. Feedback for each of the individual tender submissions are detailed in confidential Part 2
- 7.8. Credit scores were requested via “Creditsafe” for each contractor to identify any that may present a financial risk to the Council.
- 7.9. **Tender Evaluation (Price)**
- 7.10. The Price Evaluation was carried out by the Associate Building Surveyor from Pellings
- 7.11. Tenderers submitted a pricing schedule which required a breakdown of the cost for each of the buildings listed within contract 1 and a breakdown of additional costs eg prelims.
- 7.12. Both tenderers submissions were higher than the estimated contract value and provided a wide range of prices for each of the different buildings.
- 7.13. The difference between the estimated contract value and the final contract value in both submissions was due to prices in the market having increased substantially since the initial condition surveys were carried out in 2019, this includes an increase in labour and materials costs.
- 7.14. The overall price scores are set out below:

Rank	Organisation	Weighted Price Score
1	Company A	50.00
2	Hilton Abbey Limited	47.81

- 7.15. Overall, the tenders were of a good standard, feedback for each of the individual

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tender submissions are detailed in confidential Part 2

7.16. **Overall Scores**

Rank	Organisation	Weighted Price Score	Weighted Quality Score	Total Weighted Score
1	Hilton Abbey Limited	47.81	37.00	84.81
2	Company A	50.00	34.50	84.59

7.17. Officers therefore recommend that Hilton Abbey Limited are awarded the contract, as they were the overall winning bidder with an acceptable price and quality score.

8. Financial implications

- 8.1. There is an approved capital programme for the Corporate Estate Maintenance Programme with remaining budget of £3.6m
- 8.2. The proposed contract with Hilton Abbey Limited is for a period of 6 months at a cost of £557,221.
- 8.3. Creditsafe report is set out in background papers

9. Legal implications

- 9.1. The Council's Constitution contains requirements about how to procure and manage contracts. These are in the Contract Procedure Rules (Constitution Part IV). Some of the requirements in those Rules are based on the Public Contracts Regulations 2015 as amended by the Public Procurement (Amendment) Regulations (EU Exit) Regulations ("the Regulations") with which the Council must comply. Given the value of the contract the Regulations do not apply.
- 9.2. The report proposes the establishment of a contract for corporate estate maintenance. The potential value of the contract including the extension is below £1,000,000, which means that this is a Category B contract for the purposes of the Council's Contract Procedure Rules and one which is to be awarded by the Executive Director.
- 9.3. This contract has been externally and openly advertised as required by the Council's Constitution.
- 9.4. The report explains the evaluation approach and process applied to the bid and the reasons for recommending the successful bid for approval. The Invitation to Tender set out that tenderers had to reach specified scores. The process followed, including exclusion of tenderers who did not reach the minimum score, was in compliance with the advertised and required procedures.
- 9.5. The estimated contract value was £410,000, however the award value of £557,221 is substantially more. Under the Council's Constitution where there is an increase of more than 25%, provided it is under £250,000, only the Executive Director for Corporate Services may approve the award of the contract.
- 9.6. This decision is a Key Decision under Article 16.2 (c) (xxiii) of the Constitution as it has a value of more than £200,000. It is therefore required to be contained in the current Key Decision Plan.
- 9.7. In taking this decision, the Council's public sector equality duty must be taken into

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account. It covers the following protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. In summary, the Council must, in the exercise of its functions, have due regard to the need to: eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act; advance equality of opportunity between people who share a protected characteristic and those who do not; and foster good relations between people who share a protected characteristic and those who do not.

- 9.8. It is not an absolute requirement to eliminate unlawful discrimination, harassment, victimisation or other prohibited conduct, or to promote equality of opportunity or foster good relations between persons who share a protected characteristic and those who do not. It is a duty to have due regard to the need to achieve the goals listed above. The weight to be attached to the duty will be dependent on the nature of the decision and the circumstances in which it is made. This is a matter for Mayor and Cabinet, bearing in mind the issues of relevance and proportionality. Mayor and Cabinet must understand the impact or likely impact of the decision on those with protected characteristics who are potentially affected by the decision. The extent of the duty will necessarily vary from case to case and due regard is such regard as is appropriate in all the circumstances.
- 9.9. The Equality and Human Rights Commission (EHRC) has issued Technical Guidance on the Public Sector Equality Duty and statutory guidance. The Council must have regard to the statutory code in so far as it relates to the duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found on the EHRC website.
- 9.10. See **Section 6.10.2. - "Legal implications" in the guidance** for more information

10. Equalities implications

- 10.1. This Corporate Estate Maintenance Programme will see vital investment in the council's assets which provide office accommodation and service and operational facilities. Whilst much of the works will be to existing structures and mechanical and electrical plant, there will be some elements which improve the public and staff experience including some DDA improvements. Having fit for purpose and fully functioning buildings is expected to have a positive impact on users which should cross all protected characteristics.
- 10.2. The Council's Equalities objectives were addressed in the contract documentation and formed part of the criteria used in the pre-tender evaluation

11. Climate change and environmental implications

- 11.1. The Council's sustainability objectives and commitment to carbon management were addressed in the tender specification for the Employer's Agent procurement and will form part of the procurement and contract documentation for each works package.
- 11.2. The modernisation of the corporate estate allows the opportunity for significant environmental enhancement, for example through the installation of LED lighting, which is consistent with the Council's energy policy, which was agreed at Mayor and Cabinet in July 2014, and more recently the Council's commitment to the borough being carbon neutral by 2030 and development of a Climate Change Action Plan.

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12. Crime and disorder implications

- 12.1. There are no crime and disorder Implications arising from this report

13. Health and wellbeing implications

- 13.1. The proposed works to improve the council's corporate estate will have an impact on health and wellbeing of the staff working in and visitors using the various buildings. It is expected that, for example, improved heating and cooling systems or newly decorated interiors will provide a more comfortable environment to work in or visit.

14. Social Value implications

- 14.1. The Corporate Estate Maintenance Programme will deliver social value to the London Borough of Lewisham by working with our Social Value Officer to set targets in line with the Council's strategic aims and objectives for each of the contracts tendered.
- 14.2. The contractors' commitments to social value were assessed as part of the tender evaluation and were given an overall weighting of 5%, in line with the Council Social Value Policy. The recommended contractor for appointment achieved a score of 8 for the method statement on social value.
- 14.3. The council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, contractors and subcontractors engaged by the council to provide works or services within Lewisham pay their staff at a minimum rate equivalent to the LLW rate. Successful contractors will be expected to meet LLW requirements and contract conditions requiring the payment of LLW will be included in the tender documents.
- 14.4. The social value outcomes offered by the contractor include the creation of jobs for Lewisham residents, work experience placements for school leavers, use of local suppliers and a pledge to spend 50% of the contract value within the local supply chain.
- 14.5. The incorporation of Social Value into Lewisham contracts will significantly help the Council to deliver on its strategic corporate and Mayoral priorities and deliver added value for the borough as a whole.
- 14.6. The Corporate Estate Maintenance Programme, Social Value Officer and Contractor will work together to monitor and facilitate delivery of social value outcomes

15. Contract Management

- 15.1. In accordance with the Council's contract management framework this contract is a tier 2 contract. Contract Management meetings will be held on a monthly basis and the key performance indicators (KPIs) on the contract management dashboard will be monitored and reported on accordingly

16. Background papers

- 16.1. Approval to Procure report – Appendix A
- 16.2. Credit Safe Report

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17. Glossary

Term	Definition
CEMP	Corporate Estate Maintenance Programme
AMP	Asset Management Programme
LED	Light emitting diode lighting
LLBS	Local Labour Business Scheme
JCT	Joint Contracts Tribunal who produce standard forms of contract for construction works

18. Report author and contact

18.1. If there are any queries regarding this report please contact:

Akweley Badger, akweley.badger@lewisham.gov.uk, x46825

19. Comments for and on behalf of the Executive Director for Corporate Resources

19.1. Sofia Mahmood, Sofia.Mahmood@lewisham.gov.uk, x43684.

20. Comments for and on behalf of the Director of Law, Governance and HR

20.1. Mia Agnew, Mia.Agnew@lewisham.gov.uk, x47546

21. Appendices

21.1. **Appendix A:** Corporate Estate Maintenance Program (CEMP) Approval to procure maintenance works for phase 1 - November 2021



CEMP Approval to procure phase 1 works v6 (7).pdf

21.2. **Appendix B:** List of Contract 1 Buildings

Contract 1 – Original List	
No	Site
1	Grove Park Cemetery Bungalow
2	Grove Park Cemetery Chapel
3	Grove Park Cemetery Depot/ Office
4	Grove Park Cemetery Lodge

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5	Grove Park Cemetery Mess Room
6	Grove Park Cemetery Public Toilets
7	Grove Park Cemetery Stores
8	Brockley & Ladywell Cemetery Brockley Lodge - 5 Bed
9	Brockley & Ladywell Cemetery Chapel
10	Brockley & Ladywell Cemetery Depot / Mess Room
11	Brockley & Ladywell Cemetery Public Toilets
12	Ladywell Cemetery Ladywell Lodge - 3 Bed
13	Hither Green Cemetery Bungalow
14	Hither Green Cemetery Mess Room
15	Hither Green Cemetery New Chapel
16	Hither Green Cemetery Public Toilet Block
17	Hither Green Crematorium Main
18	Hither Green Crematorium Memorial Store

Contract 1- Revised list

No	Site
1	Grove Park Cemetery Chapel
2	Grove Park Cemetery Depot/ Office
3	Grove Park Cemetery Mess Room
4	Grove Park Cemetery Public Toilets
5	Grove Park Cemetery Stores
6	Brockley & Ladywell Cemetery Chapel
7	Brockley & Ladywell Cemetery Depot / Mess Room
8	Brockley & Ladywell Cemetery Public Toilets
9	Hither Green Cemetery Mess Room
10	Hither Green Cemetery New Chapel
11	Hither Green Cemetery Public Toilet Block
12	Hither Green Crematorium Main
13	Hither Green Crematorium Memorial Store

Removed Buildings

	Grove Park Cemetery Bungalow
	Grove Park Cemetery Lodge
	Brockley & Ladywell Cemetery Brockley Lodge - 5 Bed

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	Ladywell Cemetery Ladywell Lodge - 3 Bed
	Hither Green Cemetery Bungalow

Appendix C – Programme Phases

Contract 2 – Phase 1
Bellingham Gateway Youth & Community Centre
Bellingham Children's Centre -
Home Park Adventure Playground

Contract 3 – Phase 1
Lewisham Irish Community Centre
Sydenham Centre -
Grove Park Adult Learning Centre

Phase 2
Rockbourne Youth Centre
Honor Oak Children's Centre
Manor House Library
Lochaber Hall
Ladywell Fields Adventure Playground

PART 2 – CONFIDENTIAL

22. Approval

I approve the appointment, as per the details set out in this report

Signed: 

Date: 16 June 2022

Name: Kathy Freeman

Executive Director of Corporate Resources

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