



Mayor and Cabinet

Permission to Award Contract for a Main Contractor for refurbishment works at the former Catford Constitutional Club.

Date: 21 September 2022

Key decision: Yes

Class: Part 1

Ward(s) affected: Rushey Green

Contributors: Director of Inclusive Regeneration, Director of Law, Chief Accountant, Strategic Procurement and Contracts Manager

Outline and recommendations

Mayor and Cabinet are recommended to award the a Work Contract for the refurbishment of the former Catford Constitutional Club (CCC), in line with approvals obtained at Mayor and Cabinet on 3rd November 2021 (report attached) following a restricted tender exercise. The contract is for an initial period of 11 months.

This report recommends that Claremont Refurbishment Ltd are awarded the contract for a fixed price of up to £2,100,709.10 and delegation is sought to the Executive Director of Housing, Regeneration and Public Realm to agree the final figure.

Timeline of engagement and decision-making

3rd November 2021 M&C approve report delegating the procurement route for CCC to ED of Regeneration, Housing and Public Realm including information pertaining to seeking new operators for the former CCC.

7th April 2022 ED of Regeneration, Housing and Public Realm approves increase of Turner Works fees and outlines the redistribution of Good Growth Fund between Thomas Lane Yard (TLY) and CCC.

25th March 2022 ED of Regeneration, Housing and Public Realm approves procurement route for CCC.

1. Summary

- 1.1. The report outlines the procurement exercise undertaken to find a suitable Main Contractor to undertake the refurbishment works at the former Catford Constitutional Club (CCC). Following a restricted process for a works contract, five suitably experienced contractors were invited to submit a full Tender submission. 4 submissions were received and 3 were evaluated. One failed to submit a complete submission.
- 1.2. It is recommended that Claremont Refurbishment Ltd are awarded the contract for up to a total of £2,100,709.10 plus VAT.
- 1.3. Should the recommended contract be awarded, it is foreseen that the contractor will commence works in November 2022 with an anticipated completion date of October 2023 (this is subject to unforeseen delays on site).
- 1.4. This report summarises the work undertaken and procurement approach implemented to recommend the contract award.

2. Recommendations

It is recommended that the Mayor and Cabinet:

- 2.1. Authorise the award of a contract to Claremont Refurbishment Ltd to undertake refurbishment works at the former CCC, for a fixed-price contract value of up to £2,100,709.10 and approve the delegation of the final contract value and terms to the Executive Director of Housing, Regeneration and Public Realm.
- 2.2. Approval is granted for the revised total budget envelope for the scheme, details of which are contained within Part 2 of the report.
- 2.3. Mayor and Cabinet note the shortfall in the total project budget as set out in detail in Part 2 of the report. The shortfall will be funded via a contribution from the Catford Regeneration Partnership Limited (CRPL). This contribution is outlined in the revised CRPL business plan update report that is subject to a separate Mayor and Cabinet approval. The project to refurbish the former CCC will only proceed should the CRPL contribution be approved at M&C.

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3. Policy Context

- 3.1. The Council's Local Development Framework sets out the vision, objectives, strategy and policies that will guide development and regeneration in the borough to 2025 and, together with the Mayor of London's 'London Plan', forms the statutory development plan for the Borough. It anticipates major change and includes a focus on Catford Town Centre as a major development opportunity. The London Plan reinforces this view by identifying Catford as having potential for significant urban renewal.
- 3.2. The contents of this report support the Council's Corporate Strategy 2018-2022 priorities, particularly "Building an inclusive local economy: Everyone can access high-quality job opportunities, with decent pay and security in our thriving and inclusive local economy". The strategy outlines the desire to develop the evening and night time economy focusing on arts and music spaces, cafes and restaurants to help bring our town centres to life.
- 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. The strategy specifically sets out a vision for the provision of high quality town centres that meet the needs of the community.
- 3.4. The Local Authority has a duty to ensure the long term growth of its town centres is planned and managed, to ensure that viable and vital functions of its town centres are integrated as part of a sustainable development strategy.
- 3.5. Catford Town Centre is located within an Opportunity Area, with significant capacity to accommodate new housing, retail, leisure and open space facilities, as defined by the London Plan (2021). The Council has evidenced a strong commitment to Catford through its leadership of the Catford Masterplan programme over a sustained period. One principal that the Masterplan will set out is the aim of securing a Phase 1a Delivery programme which will set out a series of early actions and investments that can be made to demonstrate and secure 'early wins', but within a clear strategic framework. Investment in the former CCC building will allow the building to be returned to use as a community hub and improve its appeal and accessibility and help retain its iconic status in Catford.
- 3.6. In addition to all of the above, Catford has been impacted by Covid and the fundamental disruption that has taken place to normal cycles of resident and business life. Several businesses in Catford Town Centre have closed and footfall is struggling. This adds immediate pressure to progress a programme of investment and to make early progress on a positive support for the town.

4. Background

- 4.1. The council has been developing a programme to secure long-standing plans to regenerate Catford Town Centre. The Catford Town Centre Framework provides the foundation and structure to help guide a programme of phased change and delivery over a 25 year period. The final document was approved by Mayor & Cabinet on 14 July 2021.
- 4.2. The Catford Town Centre Framework document aims to provide a vision for the future of Catford, it identifies the need for new homes, a new civic strategy, a greener town centre plus other town centre infrastructures as well as new public realm; and a more diverse commercial offer that can thrive in Catford Town Centre. The ambition is to reinforce Catford as a cultural destination and to improve and diversify the night-time economy. This will be delivered through a revival of its culturally rich civic heart and focused around the Broadway Theatre and will be complemented by a range of smaller cultural,

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entertainment and performance venues across the town centre. The strategy to achieve this is through diversifying the current offer with new and refurbished venues, more places to meet and eat.

- 4.3. The impact of Covid 19 upon normal operations and its potential impact upon the future may not become clear for some time; however the Catford Programme Team have been seeking ways to deliver regeneration proposals as early as possible that can support the needs of the town centre sooner rather than later, with a focus on projects that align but are not dependent on the Framework. The first project is the former CCC and the surrounding Thomas Lane car park.
- 4.4. The former CCC is a building is a locally listed building owned by the Catford Regeneration Partnership Limited (CRPL). CRPL is a company that is wholly owned by Lewisham Council. The company was originally created in January 2010 to purchase the leasehold interests in and around the Catford Centre in order to manage and regenerate the assets to improve the economic, social and environmental wellbeing of the people of Lewisham.
- 4.5. In March 2020, following a successful bid to the GLA for Good Growth Funding, the council were awarded a grant of £1.65M. This funding was intended to enable the refurbishment of the former CCC building as a pub with space for art, music and performances, seeking to retain its place in Catford as a community asset, and to develop the Thomas Lane Yard (TLY) car park site to provide new business and employment opportunities in buildings focused around a public yard. The early investment in Catford centre is envisaged to give confidence, attract and encourage new businesses to Catford.
- 4.6. The GLA grant was contingent on the Council being able to provide match-funding to the same level for both projects. A report presented to the Mayor & Cabinet on 16 September 2020 approved match-funding to the GLA Good Growth Fund in the sum of: £1.65M from the Capital Programme.
- 4.7. A planning application for the former CCC building was submitted on 30th June 2021 and was granted permission in November 2021 following an extended Planning determination period. The proposals include the restoration of the later Victorian parts (those used by the former CCC) at ground and first floors, with an enlarged bar area servery and enhanced WCs and back of house facilities. To the upper floor there will be a new community kitchen with two large rooms, restored and used as ancillary spaces supporting the community kitchen. The earlier Georgian section of the building to the rear (previously inaccessible) will be restored and provide a large triple height hall to the rear, linking the pub to the garden to the north. This space will have a new platform lift serving all floor and provides access to a new space to the rear at first floor level which will function as the community kitchen. This will have access onto a new roof terrace to the west with an external access stair. The building fabric will be restored and enhanced, complete with new services and a basic level of fit-out.
- 4.8. On 3rd November 2021 Mayor and Cabinet delegated authority to the Executive Director for Housing, Regeneration and Public Realm in consultation with Executive Director for Corporate Services, to approve the most suitable procurement route to seek a contractor for the refurbishment of the CCC building.
- 4.9. The same paper approved by Mayor and Cabinet on the 3rd November 2021 outlined the procurement process undertaken to seek a new operator for the former CCC. Details pertaining to the name of the preferred bidder were provided in Part 2 of the report due to reasons of commercial sensitivity whilst the Council's company: Catford Regeneration Partnership Ltd (CRPL) entered into negotiations on Heads of Terms with the group. The operator was involved throughout RIBA Stage 4 attending workshops to ensure that the detailed design of the building works and reflects how they will run the building to realise the benefit of the grants to provide jobs, apprenticeships, training and business support

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during the quality evaluation:

QUALITY		
Criteria		
MS 1	Service Delivery	10%
MS 2	Project Management	10%
MS 3	Technical Ability	10%
MS 4	Communication	5%
MS 5	Health and Safety	5%
MS 6	Social Value	5%
MS 7	Climate Change	5%
Total Quality Weighting		50%

- 5.6. The quality scoring was awarded on a scale of 1-10. 1 being inadequate and 10 being perfect. All of the criteria required a minimum quality score of 5 to be considered valid, and the first three method statements required a minimum score of 7 to be valid. Any Tenders which failed to attain these minimum scores were deemed invalid.
- 5.7. Each officer undertook an independent evaluation of the submissions. A moderation meeting supervised by a Senior Procurement Officer from the Council's Procurement Team took place, whereby all evaluators discussed their scores and reasoning, and agreed a moderated score.
- 5.8. The price of each tender was evaluated using the Lowest Price Option, in line with the methodology detailed in the ITT document and the worked example, which were provided to bidders as part of the tender pack, as follows:

$$\text{Price score} = 50 \times (\text{lowest valid tender} / \text{Form of Tender price})$$
- 5.9. Each bidder's financial submission was checked and scrutinised by the project's Quantity Surveyor consultants, Stockdale.
- 5.10. Following the tender period, the submissions were shared with the evaluation panel members who were instructed to separately evaluate all complete tenders. Each member's scores were shared with the Council's Procurement team ahead of a virtual meeting (known as a moderation meeting) which was held to discuss and agree consensus scores for each tender.

6. Synopsis and Evaluation of the bids received

- 6.1. The overall ranking for cost and quality are set out below:

Rank	Bidder	Price Rank	Quality Rank	Valid / Invalid
1	Claremont Refurbishment	1	1	Valid

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Rank	Bidder	Price Rank	Quality Rank	Valid / Invalid
	Ltd			
2	Company A	2	2	Valid
3	Company B	3	3	Valid
4	Company C	N/A	N/A	Invalid tender submission

- 6.2. Full synopsis of the bids received are set out in Section 6 of the Part 2 report.
- 6.3. The evaluation panel agreed that Claremont Refurbishment Ltd submitted a tender with an affordable price, along with the highest quality submission.
- 6.4. The contract will be the JCT Intermediate Contract with Contractor's design 2016 together with the Council's Schedule of Amendments.
- 6.5. Should the recommendation to appoint Claremont Refurbishment Ltd be agreed, and subject to scrutiny, it is expected that the contract will commence in November 2022. The contract will be for a period of 11 months. It should be noted that this may be longer, if there are unforeseen delays on site, which is possible given the type of building. However the fullness of the preparatory work up to RIBA stage 4 has sought to minimise this uncertainty as much as possible.
- 6.6. A credit check was run on Claremont Refurbishment Ltd by the Council's Procurement team in June 2022, which demonstrated the company was considered low risk.

7. Project Costs

- 7.1. There is a budget of £3.3M available for the CCC project and TLY, consisting of £1.65M Good Growth Grant from the GLA and £1.65M of Council match-funding from Corporate reserves. The budget was formerly split 77/23 between the former CCC and TLY projects accordingly.
- 7.2. Following the procurement process to find a contractor, as outlined in section 5, the bid attracted 4 responses. The costs were returned as follows:
- Claremont Refurbishment Ltd: £2,100,709.70
 - Contractor A: £2,273,745.00
 - Contractor B: £2,398,094.05
 - Contractor C: £2,966,100.00 (disqualified)
- 7.3. The price for the construction bring the costs significantly over the previous budget allocation and therefore the additional costs cannot be funded from the original project budget alone. Implications of Covid-19, Brexit and the Russian invasion of Ukraine are having considerable implications and cost increases are being seen across the

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construction industry making inflation and cost increases difficult to predict. In the previous budget, officers had allowed a budget for cost inflation based on the BCIS forecasted indices, the updated figures for the same period were almost double that percentage – this has been a major contributing factor to cost increases we have seen on the project.

- 7.4. To cover the additional construction costs officers propose to redistribute the £3.3M project budget to have more funds reserved for the CCC and less for TLY. There is approximately £175,000 of unspent TLY budget, which officers proposed redistributing to the CCC. It is proposed that TLY will have an HRA development allowance to fund the project going forward. The remaining shortfall will be covered by a CRPL contribution subject to a separate Mayor and Cabinet approval of CRPL's revised business plan. The CCC is CRPL's freehold interest and a development agreement between CRPL and the Council has been agreed to enable the undertaking of the works. There is currently no financial commitment made by CRPL to the cost of the works.
- 7.5. The aims of the funding are to aid and kick start the regeneration of Catford, specifically focused in the backland Thomas Lane car park site. The outputs of the grant funding are to improve the environment, deliver new homes, and provide employment opportunities and commercial space for new and existing businesses to thrive. The redevelopment of the CCC, given its prominent location in Catford Centre and adjacency to the Thomas Lane car park supports these objectives and those of the Catford Town Centre Framework, bringing the CCC back into use will create jobs, training opportunities and reinstate a much loved community asset.
- 7.6. The council has committed investment, alongside attracting grant funding, to refurbish the asset and any further investment from the council would remove further funding from the TLY scheme. CRPL have been able to secure a lessee for the building and negotiations are ongoing to agree final terms. Allowing for a short rent-free period and a one year stepped rent, the CCC will generate CRPL a rental income of approximately £90k a year from year two. This means that the CRPL investment of £400K could be repaid within 5 years of completion. Failure of this scheme at this stage may mean that CRPL will need to fund the entire project which is estimated in excess of £2M or the scheme is aborted, grant funding committed to the council to date repaid and the building is left in its current state.
- 7.7. Officers have been rigorously scrutinising the proposals along with the consultant team to ensure the proposals offer the best value for money whilst ensuring the project can be delivered to the quality and requirements initially set out and in line with Grant agreements and the Catford Framework ambitions.

8. Financial implications

- 8.1. The former Caford Constitutional Club is a vacant, locally listed, heritage building owned by Catford Regeneration Partnership Ltd, a property investment company, wholly-owned by the Council.
- 8.2. There is a budget of £3.3m available for this project and Thomas Lane Yard, consisting of £1.65m Good Growth Grant from the GLA and £1.65m of Council match-funding from Corporate reserves. Conditions of the GLA grant funding include the requirement to spend the initial £1.65m by March 2023. Works are expected to commence in November 2022 and complete in 11 months, by October 2023. £820k has been spent to date as of Q1 22/23.
- 8.3. The award of the contract to Claremont Refurbishment Ltd is for £2.1m, this is higher than budgeted.
- 8.4. This shortfall will be partly funded from a Catford Regeneration Partnership Limited

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contribution, subject to separate Mayor and Cabinet approval, and part by a redistribution of the funds between TLY and the former CCC. The scheme will not go ahead if the additional fund from CRPL are not approved.

- 8.5. There are risks that the project will overspend further due to uncertainties with inflation and material costs. It is important that regular monitoring takes place to ensure this is escalated and mitigated timely.
- 8.6. The budget for Thomas Lane Yard has reduced further, so there are also risks around whether this project will meet its planned milestones and objectives.
- 8.7. CreditSafe report is set out in section 8 in Part 2 report.

9. Legal implications

- 9.1. The value of the proposed works contract including all applicable contingency means this is a Category B Contract for the purposes of the Council's Contract Procedure Rules (CPR). The value of the contract is below the former E.U (now Find a Tender) threshold for works. The contract has been tendered in accordance with the CPR as a restricted tender.
- 9.2. The rationale for proposing the winning contractor for the contract as the most economically advantageous tender is set out in the report; with an analysis of the bids being contained in the confidential Part 2 report accompanying this Part 1 report.
- 9.3. The award of this contract will be a key decision under Article 12.2(a) and (c) (xxii) of the Constitution, as the value of the contract will be above £200,000.

10. Equalities implications

- 10.1. All works will meet the requirements of the Equality Act 2010.
- 10.2. The funding secured by the GLA to the Council will promote a wide range of local business and job opportunities, an issue even more prevalent given the recovery requirements resulting from the Covid-19 pandemic.
- 10.3. Once the refurbishment is complete the operators will offer 12 jobs for Lewisham residents of which 6 will be for people who have experienced barriers to employment.
- 10.4. No individual will be disadvantaged by the works.

11. Climate change and environmental implications

- 11.1. The planning consent is inline with the Council and GLA guidance on climate change.
- 11.2. The project aims to adopt environmentally conscientious solutions and where appropriate alternative options dedicated to bringing the built environment in line with planetary limits.
- 11.3. The project will be developed in conjunction with future recommendations and advice that is derived from the circumstances that evolve from the result of the Covid 19 pandemic.
- 11.4. Each contractor's approach to reducing the impact of the works on the environment was provided as part of their submission. The contractor included a number of measures to improve environmental performance and contribute towards the borough's carbon reduction targets.

12. Crime and disorder implications

- 12.1. The project will provide CCTV surveillance in line with licensing and Secure by Design requirements. There is a focus on natural surveillance across the site and designs aim to

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deter crime and increase the feeling of safety. Wherever necessary the finishing structure should incorporate anti-graffitti measures.

13. Health and wellbeing implications

- 13.1. The works detailed in this report will have a positive impact and aim to promote health, mental health and well-being by providing a refurbished CCC for public use.
- 13.2. The wider proposals for the site will seek to deliver social integration through a public realm led scheme which will link areas that incorporate work, businesses and leisure activities amongst green and aesthetically pleasing spaces.
- 13.3. The retention of as many mature trees as possible together with additional greening in this area aims to complement the hard landscape that will accommodate an active rather than passive public realm where small business activity will be supported to thrive.
- 13.4. These interventions aim to promote better health by providing an environment where users can feel safer and more encouraged to enjoy the benefits of walking, cycling and leisure pursuits offered by the town centre.

14. Social Value implications

- 14.1. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing a procurement process, how wider social, economic and environmental benefits that may improve the wellbeing of the local area can be secured.
- 14.2. A section of the tender evaluation for Quality was based on the social value commitments contractors made in their method statement. Bidders needed to demonstrate how the service will contribute to the key social value outcomes, including how the organisation works with local employers and training organisations to remove stigma and barriers to support individuals in returning to employment, training and/or education.
- 14.3. The employment, skills and economy social value target agreed will be managed to ensure as far as reasonably possible that apprenticeships, jobs and business opportunity targets are met.
- 14.4. 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.
- 14.5. The social value outcomes offered by the contractor include creation of two local jobs, staff training, talks at local school.

15. Contract Management

- 15.1. In accordance with the Council's contract management framework this contract is a tier 1 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. The following background documents were referenced in this document.
 - [Part 1 CCC Tender and Operator Approval Report](#)
 - [CCC Restricted Tender Report](#)

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- [Approval to Increase TW fees on Good Growth project](#)

17. Glossary

17.1. Description of terms below.

Term	Definition
CCC	Former Catford Constitutional Club
CRPL	Catford Regeneration Partnership Ltd
GLA	Greater London Authority
TLY	Thomas Lane Yard

18. Report author(s) and contact

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