



Executive Director for Corporate Resources

Report title: Approval for Contract Award – Contract 3, Phase 1 maintenance works for Corporate Estate Maintenance Programme

Date: 15 November 2022

Key decision: Yes

Class: Part 1

Ward(s) affected: Downham, Rushey Green, Sydenham

Contributors: Chief Accountant, 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 a tender process where a minimum of 5 tenderers were invited to tender for Contract 3, Phase 1 of the Corporate Estate Maintenance Programme (CEMP).

It is recommended the Executive Director for Corporate Resources approve the appointment of **Ensigna Construction Ltd** as Main Contractor for maintenance works at three sites, for the tendered sum of **£351,821.00**

Timeline of engagement and decision-making

The tender opportunity was advertised on 27/05/22 – 01/07/2022 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

Corporate Estate Maintenance Programme (CEMP) Update to Approval to procure maintenance works for phase 1 – May 2022

This procurement is a key decision as the value of the works is £351,821.00

1. Summary

- 1.1. The purpose of this report is to seek approval from the Executive Director for Corporate Resources to award a contract for maintenance works for 3 buildings across 3 sites included in Contract 3, within Phase 1 of the Corporate Estate Maintenance Programme (CEMP) in line with the approvals obtained from Executive Director for Housing, Regeneration & Public Realm in May 2022 (report attached as Appendix A).
- 1.2. Following the completion of a procurement process where a minimum of 5 tenderers were invited to tender, officers recommend that Ensigna Construction Ltd are awarded a contract for a period of 6 months for these works.
- 1.3. Ensigna Construction Ltd submitted the most economically advantageous bid based on quality and price and have demonstrated comprehensive skills, knowledge, experience and capability to deliver this project

2. Recommendations

- 2.1 It is recommended that the Executive Director for Corporate Resources on the advice of the Director of Law, Governance and Elections:
 - approves the award of contract to Ensigna Construction Ltd for contract 3 of the first phase of the Corporate Estate Maintenance Programme at a value of £351,821.00. This contract is for maintenance works to be carried out on 3 buildings across 3 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

Is this report easy to understand?

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

- 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 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 –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. Phase 1 consists of 19 properties which are split into 3 separate contracts:
 - Contract 1 includes 13 properties located across 3 cemeteries
 - Contract 2 includes 3 properties located in Bellingham
 - Contract 3 includes 3 different Community and Learning Centres located in Ladywell, Sydenham and Grove Park.

Is this report easy to understand?

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

- 5.5. Contract 1, Phase 1, as set out in the table in Appendix B, was awarded to Hilton Abbey Ltd in June 2022.
- 5.6. Contract 2, Phase 1 was awarded to Ensigna Construction Ltd in October 2022
- 5.7. The successful tenderer for Contract 3, Phase 1, will carry out maintenance works to the following 3 buildings located within Downham, Rushey Green and Sydenham wards:

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

6. Procurement Process

- 6.1. Approval to procure the tender via an exercise where a minimum of 5 tenderers were invited to bid was obtained from the Executive Director of Housing Regeneration and Public Realm in May 2022. The tender was run on 4th July 2022 and eight contractors were invited to bid for the contract. Tenderers were contacted before being invited to submit a tender to ensure they had enough capacity and an understanding of the project requirements and deadlines to ensure adequate competition within the tender exercise.
- 6.2. The contractors were chosen based on Lewisham’s past experiences and after discussions with the Council’s consultant for the CEMP, Pellings were able to recommend additional contractors that had a proven track record of delivering similar, high quality works for other local authorities. A credit safe check was undertaken on each of the contractors. Only contractors that scored 50 or above were invited to bid for each contract. Tenderers submitted their bids via the London Tenders Portal.
- 6.3. Following the tender exercise, 4 submissions were received on 29th July 2022. When approached, the remaining 4 bidders stated they were unable to submit a bid due to lack of capacity within their organisation.
- 6.4. After the tender period closed, 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.
- 6.5. The moderation meeting, which was held on 24th August 2022 was 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. 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%
- 6.7. The evaluation was made up of 50% price and 50% quality, incorporating 5% for social

Is this report easy to understand?
 Please give us feedback so we can improve.
 Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

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:

$$\text{Price score} = 50 \times (\text{lowest valid tender} \times \text{Form of Tender price})$$

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%

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	Ensigna Construction Ltd	40.40
2	Company A	36.50
N/A	Company B	Tenderer failed to achieve the minimum score

Is this report easy to understand?

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

Rank	Tenderer	Weighted Quality Score
N/A	Company C	Tenderer failed to achieve the minimum score

7.7. Feedback for each of the individual tender submissions are detailed in section 7 of the Part 2 report.

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 3 and a breakdown of additional costs eg prelims.

7.12. The estimated contract value for these works was £195,000. This estimate was based on condition surveys, labour and materials costs that were applicable in 2019 when the surveys were carried out. However when contractors revisited the sites as part of the tender process further repair requirements were identified. These works were required as the condition of the buildings had further deteriorated and it was deemed to be economical to include these works within the tender.

7.13. This resulted in the final submissions having an increased scope of work with increased costs. The winning tenderers bid was £351,821.00. This was an increase of approx. £157,000. This large increase in costs can be further explained by the increased labour and material costs within the market currently. Having reviewed the other submission officers are satisfied that this bid is reflective of the current market

7.14. Before tendering for Phase 2, the next phase of the Corporate Estate Maintenance Programme, officers will revisit sites to ensure any existing and new items, of maintenance works whose condition may have deteriorated, are reflected in the specification. In addition sufficient market research will be carried out to ensure the estimated contract value is more reflective of the current market.

7.15. The overall price scores are set out below:

Rank	Organisation	Weighted Price Score
1	Ensigna Construction Ltd	50.00
2	Company A	48.52
N/A	Company B	N/A
N/A	Company C	N/A

7.16. Overall, the tenders were of a good standard, feedback for each of the individual tender submissions are detailed in confidential Part 2

7.17. **Overall Scores**

Is this report easy to understand?

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

Rank	Organisation	Weighted Price Score	Weighted Quality Score	Total Weighted Score
1	Ensigna Construction Ltd	50.00	40.40	90.40
2	Company A	48.52	36.50	85.02
N/A	Company B	N/A	N/A	N/A
N/A	Company C	N/A	N/A	N/A

7.18. Officers therefore recommend that Ensigna Construction Ltd 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 budget for the Corporate Estate Maintenance Programme within the Capital Programme, with remaining budget of £4.6m
- 8.2. The proposed contract with Ensigna Construction Ltd is for a period of 6 months at a cost of £351,821.00, which is within the budget available and profiled into 2022/23.
- 8.3. Creditsafe report is set out in background papers section 15.2 of the Part 2 report.

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) (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. In relation to award of a works contract where the estimated contract sum is between 10% and 25% higher than the pre tender estimate, subject to a maximum of £250,000, the contract can be approved by the Executive Director of Corporate Services on the advice of the Director of Law, Governance and Elections.
- 9.6. Mayor & Cabinet approve contracts where the difference in the estimated contract sum and award sum is more than 25% and is over £250,000.
- 9.7. Although the total increase from the pre-tender estimate and contract value is greater than 25% it is less than £250,000 therefore it does not need to go to Mayor and Cabinet for approval. In accordance with the Constitution it is advised that this award of

Is this report easy to understand?

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

contract is approved by the Executive Director of Corporate Resources on the advice of the Director of Law, Governance and Elections.

- 9.8. 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.

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.

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 6 for the method statement on social value.
- 14.3. The social value outcomes offered by the contractor include the following:
- Apprenticeship for Lewisham resident who will attend college whilst receiving on-the-job training on site
 - Work experience placements for school leavers who wish to pursue a career

Is this report easy to understand?

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

within construction

- Use of Lewisham based suppliers to reduce carbon footprint
- Continuing professional development for all staff
- Promoting vacancies to encourage a diverse and equal workforce including targeting women
- Paying all staff the London Living Wage (LLW)

14.4. 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.

14.5. 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. Update to Approval to Procure report – Appendix A

16.2. Credit Safe Report See section 15.2 of the part 2 report.

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:

Is this report easy to understand?

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

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) Update to Approval to procure maintenance works for phase 1 – May 2022



CEMP Updated
Approval to procure

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

Contract 1, Phase 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

Appendix C – Programme Phases

Contract 2 – Phase 1
Bellingham Gateway Youth & Community Centre

Is this report easy to understand?

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

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 Adventure Playground
Manor House Library
Lochaber Hall
Ladywell Fields Adventure Playground

22. Approval

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

Signed: 

Date: 21 October 2022

Name: Kathy Freeman

Executive Director of Corporate Resources