

To: Finance, Resources and Customer Services Policy Board

On: 6 June 2018

Report by: Joint Report by Chief Executive and Director of Development and Housing Services

Heading: Contract Award: External Works at Lochfield, Paisley (RC-CPU-18-008)

1. **Summary**

- 1.1. The purpose of this report is to seek the approval of the Finance, Resources and Customer Services Policy Board to award a Work Package to undertake external and energy efficiency works within the Lochfield area of Paisley (RC-CPU-18-008) to Everwarm Limited.
- 1.2. The recommendation to award the work package follows a procurement process conducted via a scheme development mini competition under the Scotland Excel Energy Efficiency Contractors framework agreement, reference 09/13 (the Framework Agreement) in accordance with the Framework Agreements terms and conditions and the Council's Standing Orders Relating to Contracts.
- 1.3. A Contract Strategy advocating the use of the Scotland Excel Energy Efficiency Contractors framework agreement, reference 09/13 for any Scottish Government's Home Energy Efficiency Programme for Scotland Area Based Schemes (HEEPS:ABS) requirement the Council identifies was approved by the Head of Planning and Housing Services and the Strategic Procurement Manager on 11 July 2017.

2. **Recommendations**

- 2.1 It is recommended that the Finance, Resources and Customer Services Policy Board authorise:
- (a) the Head of Corporate Governance to award a Work Package for the External Works at Lochfield, Paisley (RC-CPU-18-008) to Everwarm Limited;
 - (b) the Contract Sum of £6,251,031.50 excluding VAT; and
 - (d) the total Contract Period of fifty weeks (50) weeks with the date of possession scheduled to be 09 July 2018 with the estimated completion date being 30 June 2019. Confirmation of the actual timescales and dates will be confirmed in the Council's Letter of Acceptance to Everwarm Limited.

3. **Background**

- 3.1 The Scottish Government's Home Energy Efficiency Programme for Scotland Area Based Schemes (HEEPS:ABS) programme is now entering its sixth year. The HEEPS:ABS programme is targeted at private sector home owners which should assist their participation in identified requirements and ensure projects to improve energy efficiency can proceed.

Local authorities act as coordinating agents for all HEEPS:ABS programmes in their area and reports approved by the Communities, Housing and Planning Policy Board on 13th March 2018 and 22nd May 2018 noted Renfrewshire's award of £1,518,477 for qualifying projects in 2018/19.

- 3.2 The Housing Capital Investment Plan 2018/19 to 2020/21 sets out the requirement to ensure all housing stock achieves the minimum energy rating under the Energy Efficiency Standard for Social Housing (EESH) by the first milestone of 31 December 2021. Accordingly, the

focus of the planned investment programme is external improvements which contribute to the achievement of EESSH.

The Council's position is that EESSH will be achieved through the capital funding plans for planned investment programmes, together with government sourced supplementary funding such as HEEPS:ABS, which will help encourage private homeowners to participate in common works and ensure projects to improve energy efficiency can proceed.

- 3.3 The key objectives of HEEPS:ABS are to address fuel poverty, reduce carbon emissions and demonstrate an appropriate strategic fit and approach to improving energy efficiency.

The Council therefore developed a strategy to target mixed tenure blocks as well as wholly owned Council blocks, utilising the Council's own capital budget, HEEPS:ABS grant funding and also contributions from individual homeowners to deliver a varying package of works which will reflect the requirements of each block.

The main element of works will be the installation of external wall insulation however, the Council will also seek to install ventilation systems, renew roofs, windows and doors where this is identified as being required and on a block by block basis.

In accordance with the Council's strategy to target mixed tenure blocks as well as wholly owned social blocks, properties within the Lochfield area of Paisley have been identified that may require works to be undertaken.

- 3.4 Scotland Excel established a framework agreement for Energy Efficiency Contractors in 2017 with all 32 Scottish local authorities being named parties.

The procurement process to establish the Framework Agreement was undertaken via the open procurement procedure and was conducted in compliance with the EU Procurement Legislation.

The Framework Agreement offers access to a range of energy efficiency construction related works including energy assessments, external wall insulation, cavity wall insulation, loft / rafter insulation, internal wall insulation, windows and doors, heating systems and solar panels. The framework agreement is specifically designed for mixed tenure Council / HEEPS:ABS Works requirements.

The call off procedures available within the Framework Agreement has three options; direct package order, scheme development mini competition and traditional mini competition with the latter selected by the Council for this process.

3.5 Only Suppliers appointed to both Lots 2.1 (External Wall Insulation) and 2.8 (Windows and Doors) of the Framework Agreement could participate in this traditional mini competition, with submissions received from the three (3) companies as stated below:

- A.C. Whyte & Co Limited,
- E.ON Energy Solutions Limited, and
- Everwarm Limited

3.6 Quote documents for the traditional mini competition were released via the Public Contracts Scotland – Tender portal on 11 April 2018 with the deadline for Quote Submissions being set at 12 noon, 27 April 2018.

3.7 Quote Submissions received were evaluated against a set of award criteria which was based on 40% Technical (Quality) and 60% Commercial (Price). For the purposes of this traditional mini competition, the Quality score achieved by each Bidder for lot 2.1 (External Wall Insulation) within the Framework Agreement was utilised.

3.8 The scores relative to the award criteria of the Bidders are noted below:

		Quality (40%)	Price (60%)	Total (100%)
1	Everwarm Limited	36.00	57.12	93.12
2	E.ON Energy Solutions Ltd	31.40	59.93	91.33

3	A.C. Whyte & Co Ltd	29.60	56.67	86.27
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3.9 The evaluation of Quote Submissions received identified that the Quote Submission by Everwarm Limited was the most economically advantageous to the Council.

3.10 Community Benefits were requested as part of the procurement process and Everwarm Limited confirmed that the following Community Benefits would be made available to the Council for this Contract:

Community Benefit Description	No of People / Activity
New Entrant	3
Careers Event	2

Implications of the Report

1. **Financial** – The financial status of Everwarm Limited was assessed as part of their appointment to the Scotland Excel Energy Efficiency Contractors framework agreement.

Costs attributed to undertaking of works required within this work package will be met by Housing Revenue Account (HRA) capital funding, HEEPS:ABS grant funding and also contributions from individual homeowners where applicable.

2. **HR & Organisational Development** – No TUPE implications have arisen or are anticipated.

3. **Community/Council Planning**

- Building strong, safe and resilient communities – Improving housing conditions benefiting tenants and private owners
- Tackling inequality, ensuring opportunities for all – improving housing conditions for both tenants and owners to tackle fuel poverty

- Creating a sustainable Renfrewshire for all to enjoy – Everwarm Limited has committed to deliver numerous Community Benefits as detailed within section 3.9 of this report.

4. **Legal** – The procurement of this work package was conducted in accordance with the Scotland Excel Energy Efficiency Contractors framework agreement terms and conditions and the Councils Standing Orders Relating to Contracts.

5. **Property/Assets** – By awarding this work package, the Council will improve the quality of its housing stock by carrying out an extensive external works programme.

Installing External Wall Insulation will improve building insulation resulting in reduced energy bills for tenants/owners, as well reducing the carbon footprint of the building, and improving the aesthetics.

Roofworks will improve the building envelope, vastly improving the roof condition, which will help guard against water penetration and increase the life span of the roof for years to come.

Other improvement measures include mechanical ventilation (which will counter dampness/condensation) where required.

6. **Information Technology** – No Information Technology implications have arisen or are anticipated.

7. **Equality & Human Rights** – The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report because for example it is for noting only. If required following implementation, the actual impact of the recommendations and the mitigating actions will be

reviewed and monitored, and the results of the assessment will be published on the Council's website.

8. **Health & Safety** – Everwarm Limited health and safety credentials were evaluated by Corporate Health and Safety and met the Council's minimum requirements regarding health and safety.
9. **Procurement** –The procurement procedures outlined within this report shall ensure that the Council meets its statutory requirements in respect of procurement procedures, efficiency and modern Government.
10. **Risk** – Everwarm Limited insurances have been assessed and evaluated to confirm that they have met the minimum requirements regarding insurable risk.
11. **Privacy Impact** – No Privacy Impact implications have been identified or are anticipated
12. **Cosla Policy Position** – No Cosla Policy Position implications have arisen or are anticipated

List of Background Papers

- (a) *Report to Communities, Housing and Planning Policy Board, 13 March 2018, Housing Energy Efficiency and Carbon Reduction Programmes: 2018/19.*
- (b) *Report to Communities, Housing and Planning Policy Board, 22 May 2018, Housing Energy Efficiency and Carbon Reduction Programmes: 2018/19.*

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