

**To: Finance, Resources and Customer Services Policy Board**

**On: 30 August 2017**

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**Report by: Chief Executive and the Director of Development and Housing Services**

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**Heading: Contract Authorisation Report: Provision of Energy Efficiency Works (HEEPS ABS)**

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## **1. Summary**

- 1.1 The purpose of this report is to seek the approval of Finance, Resources and Customer Services Policy Board to award work packages for the Provision of Energy Efficiency Works (HEEPS ABS) – Year One in the form of NEC3 Engineering and Construction Short Contracts (April 2013).
- 1.2 Energy Efficiency Works within the Council's Home Energy Efficiency and Carbon Reduction Programme 2017/2018 are split over three similar phases in terms of scope and are part funded by the Scottish Government via the HEEPS ABS Grant. A condition of the Grant is that the Council is required to ensure all projects are at tender stage by the end of September 2017.

It is proposed that the Contractor awarded the work package for Phase One will also be awarded the remaining two phases. This would allow the Council to appoint a single Contractor to undertake all energy efficiency works required for 2017/2018 based solely on the works within phase 1 thus comply with grant conditions to tender works by the required date.

- 1.3 The recommendation to award work packages for 2017/2018 follows a procurement exercise which was conducted via a scheme development mini competition under the Scotland Excel Energy Efficiency Contractors Framework Contract (Reference 09/13) in accordance with further competition procedures made under this Scotland Excel Framework Contract and Renfrewshire Council's Standing Orders Relating to Contracts.

- 1.4 A contract strategy was approved by the Head of Planning and Housing and the Strategic Commercial and Procurement Manager on 11 July 2017.
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## **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 all required 2017/2018 work packages for the Provision of Energy Efficiency Works (HEEPS ABS) to Everwarm Ltd.
  - (b) at a cumulative value for all three phases of no more than £4,500,000 excluding VAT for required works within 2017/2018.
  - (c) with the scheduled date for phase one being commencement on Monday 25 September 2017 with all works within the three phases of 2017/18 being completed by Thursday 31 May 2018.

All three phases are required to be completed by no later than 31 May 2018 as required by the HEEPS Grant. In accordance within the HEEPS ABS Grant Conditions, the Phase One package order starting date of 25 September 2017 or as stated in the letter acceptance will ensure that the contract has commenced by the end of September as required within the Grant Conditions

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## **3. Background**

- 3.1 For the past three years, the Council's Home Energy Efficiency Programme for Scotland Area Based Schemes (HEEPS ABS) has been focused on reducing fuel poverty and carbon emissions and ran separately from the Council's External Works Programmes which focussed on meeting the requirements of the Scottish Housing Quality Standard (SHQS).

The Housing Capital Investment Plan 2017/18 to 2019/20 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 2020. Accordingly, the focus of the planned investment programme is external improvements which contribute to the achievement of EESH.

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 to encourage private homeowners to participate in common works and ensure projects to improve energy efficiency can proceed.

The key objective of HEEPS ABS is to target residential areas at the lower end of the Scottish Index of Multiple Deprivation (SIMD) and achieve reductions in fuel poverty and carbon emissions, whilst demonstrating 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 on a block by block basis.

- 3.2 Scotland Excel established a Framework Contract for Energy Efficiency Contractors in 2017 with all 32 Scottish local authorities being named parties.

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

The Framework Contract 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 Contract is specifically designed for mixed tenure Council / HEEPS ABS Works requirements.

The Further Competition Procedures under the Framework Contract has three options; Direct Package Order, Mini Competition and Scheme Development Mini Competition which was selected by the Council for this process.

- 3.3 Works within the 2017/2018 programme are split over three similar phases in terms of scope. A condition of the HEEPS ABS grant is that the Council is required to ensure all projects are at tender by the end of September 2017.

In accordance with the Scotland Excel Energy Efficiency Contractors Framework Contract Conditions (Work Package Award Procedures), the Council undertook a scheme development mini competition to appoint a Contractor to undertake Works required within the three phases of the Year One programme. This would allow the Council to appoint a single Contractor to undertake energy efficiency works required for all of 2017/2018 based on the Works of Phase One and to comply with Grant conditions to tender works by 30<sup>th</sup> September 2017.

- 3.4 Only Contractors appointed to both Lots 2.1 (External Wall Insulation) and 2.8 (Windows and Doors) of the Scotland Excel Framework Contract could participate in the scheme development mini competition, with submissions received from the companies as stated below:-
- A.C. Whyte & Co Ltd
  - E.ON Energy Solutions Ltd
  - Everwarm Ltd
- 3.5 Tender documents for the scheme development mini competition were released via the Public Contracts Scotland – Tender website on Wednesday 05 July 2017 with the deadline for submissions being set at 12 noon, Tuesday 18 July 2017.
- 3.6 Tender 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 mini competition, the Quality score achieved by each Tenderer for lot 2.1 – External Wall Insulation of the Scotland Excel Energy Efficiency Contractors Framework Contract was utilised.

- 3.6 The scores relative to the award criteria of the tenderers are noted below:

		<b>Technical (40%)</b>	<b>Commercial (60%)</b>	<b>Total (100%)</b>
<b>1</b>	<b>Everwarm Ltd</b>	36.00	56.26	<b>92.26</b>
<b>2</b>	<b>E.ON Energy Solutions Ltd</b>	31.40	60.00	<b>91.40</b>
<b>3</b>	<b>A.C. Whyte &amp; Co Ltd</b>	29.60	57.94	<b>87.54</b>

- 3.7 The evaluation of tender submissions received identified that the submission by Everwarm Ltd was the most economically advantageous tender.
- 3.8 A budget of £4,500,000 was made available for the 2017/2018 programme, which includes £2.5m of Council Capital funding, £1.1m Scottish Government HEEPS ABS grant funding and £900K owner occupier contribution.
- 3.9 Community Benefits were requested as part of the original Scotland Excel Framework Contract procurement.. For the Works required within Year One of the programme, Everwarm Ltd has advised the following Community Benefits will be made available:

<b>Community Benefit Description</b>	<b>No of People / Activity</b>
Job Opportunities	3
Education Support Initiatives for Schools or Colleges	1

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## Implications of the Report

## **1. Financial**

The financial status of Everwarm Ltd was assessed as part of their appointment to the Scotland Excel Energy Efficiency Contractors Framework Contract

An additional Dun and Bradstreet assessment of the company was conducted by the Council and confirmed that the company satisfied the Council's requirements in relation to financial stability.

The Year One programme is dependent on the Scottish Governments HEEPS Grant as well as Capital funding and owner occupier contributions therefore the Council is required to comply with the strict conditions under the Grant. Failure to meet the Grant Conditions may impact the level of future Grants made available to the Council.

## **2. HR & Organisational Development**

No TUPE implications have arisen or are anticipated.

## **3. Community Planning**

Everwarm Ltd has committed to deliver a number of Community Benefits as detailed within section 3.9 of this report.

## **4. Legal**

The procurement of this work package has been conducted via a mini- competition from the Scotland Excel Energy Efficiency Contractors Framework Contract (Reference 09/13) in accordance with further competition procedures made under this Scotland Excel Framework Contract and Renfrewshire Council's Standing Orders Relating to Contracts.

## **5. Property Assets**

Renfrewshire 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 and 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 Ltd health and safety submission was 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 Ltd insurances have been assessed and evaluated to confirm that they have met the minimum requirements regarding insurable risk.

## **11. Privacy Impact**

A full Privacy Impact Assessment has been completed by Legal Services (Information Governance). As some Personal Data will be transferred for the purposes of the work package, a Data Processor Agreement will be put in place with Everwarm Ltd prior to the commencement of the work package.

## **12. Cosla Policy Position**

No Cosla Policy Position implications have arisen or are anticipated.

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### **List of background papers**

- (a) Not Applicable

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