

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

**On:** 15<sup>th</sup> June 2022

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**Report by:** The Chief Executive and Director of Communities and Housing Services

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**Heading:** Contract Award: PAS2035 Retrofit Works (Housing Investment and Regeneration Programmes) (RC-CPU-21-318)

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## 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 Works Contract for PAS2035 Retrofit Works (Housing Investment and Regeneration Programmes) (RC-CPU-21-318) to MP Group U K Limited who are the lead contractor for a consortium consisting MP Group U K Limited and Bolix S A.
  - 1.2 The recommendation to award the Term Service Short Contract follows a procurement exercise conducted in accordance with the Public Contracts (Scotland) Regulations 2015 and the Council's Standing Orders Relating to Contracts for an above Threshold Works contract using the Open Procedure.
  - 1.3 A Contract Strategy was approved by the Head of Housing Services and the Strategic Commercial and Procurement Manager on 22<sup>nd</sup> December 2022.
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## 2. Recommendations

It is recommended that the Finance, Resources and Customer Services Policy Board:

- 2.1 Authorise the Head of Corporate Governance to award a Contract for PAS2035 Retrofit Works (Housing Investment and Regeneration Programmes) (RC-CPU-21-088) to MP Group U K Limited, who are the lead contractor for a consortium consisting of MP Group U K Limited and Bolix S A;
- 2.2 Authorise a maximum contract value of up to £60,000,000.00 excluding VAT for all Task Orders made under this Contract;
- 2.3 Authorise a proposed *starting date* of 18<sup>th</sup> July 2022 with the contract period being 2 years with the Council having the option to extend for up to 12 months on two (2) separate occasions. The actual *starting date* will be confirmed in the Council's Letter of Acceptance;
- 2.4 Note, the final value of this contract will be determined by the number of properties both Council owned and privately owned identified and subject of Task Orders;
- 2.5 Note, a Consortium Guarantee is required from the contractor within two (2) weeks of the date of the Letter of Acceptance; and
- 2.6 Note the contract award is subject to MP Group U K Limited providing the required level of Professional Indemnity insurance cover.

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### 3. **Background**

- 3.1 The Council is undertaking a significant retrofit and regeneration programme of its housing stock throughout Renfrewshire in order to meet the Energy Efficiency Standard for Social Housing (EESH), maintain and improve its Scottish Housing Quality Standard (SHQS) position and improve energy efficiency and minimise future maintenance of its social rented and mixed tenure housing stock.

This includes a housing-led regeneration and renewal programme for Renfrewshire which was approved by the Council in December 2020. The ambitious proposals for a major programme of investment in house-led regeneration and renewal will not only significantly enhance the Council's housing stock but will also contribute to the wider transformation of Renfrewshire as a place and will be central to the economic and social recovery of Renfrewshire.

- 3.2 This procurement is for the appointment of a suitably qualified contractor to supply and install retrofit external works to existing residential wholly Council owned properties and mixed tenure blocks to improve their energy efficiency.

The contractor will act as a Retrofit Installer and be responsible for ECO Management, to manage, carry out external envelope works and retrofit works to residential wholly Council owned and mixed tenure properties throughout the Renfrewshire Council area for the housing investment and regeneration programme, as set out within the Housing Revenue Account (HRA) Capital Investment Plan which was approved by Council on 3<sup>rd</sup> March 2022.

The programme will include internal and external works to domestic properties (a mix of both Council owned and privately owned properties of various archetypes), such work is to ensure the property achieves a standard compliant with PAS2035:2019, which is the prescribed specification for energy retrofit of domestic buildings. A whole house retrofit approach to housing investment and regeneration works will be taken, as this is a more cost effective approach than undertaking multiple works over time and also reduces disruption to residents. In addition, delivering a whole house retrofit approach to PAS2035 standard is critical to achieving a high-performance design solution to improve the thermal performance of the Council's housing stock.

- 3.3 This Contract was tendered as a NEC4 Term Service Short Contract June 2017 (as amended in January 2019 and October 2020) with the 'Z' clauses and this type of contract has no guarantee of the value of the spend as this will depend on the Task Orders issued by the Council. The maximum spend over the four (4) year period was tendered as £60,000,000 based on an estimated £15,000,000 annually, annual spend may exceed £15,000,000.
- 3.4 To initiate this procurement process a contract notice was published on Find a Tender issued via the Public Contracts Scotland advertising portal on Thursday 23<sup>rd</sup> December 2021 with the tender documentation available for downloading from the Public Contracts Scotland – Tender portal from this date.
- 3.5 During the live tendering period, thirty (30) organisations expressed an interest in this opportunity. By the closing date (Tender Deadline) set for the return of electronic tender submissions, 12 noon on Monday 14<sup>th</sup> February 2022, eight (8) organisations submitted a response, five (5) declined and seventeen (17) failed to respond.
- 3.6 Tenderers were required to complete a Single Procurement Document (SPD) to be submitted with their tender submission in accordance with Regulation 60 of the Public Contracts (Scotland) Regulations 2015. The eight (8) tender submissions received each contained a completed SPD which was then evaluated against the SPD pre-determined set of criteria by representatives from Housing Services, the Corporate Procurement Unit, Corporate Risk, Finance and Resources and Corporate Health and Safety.

- 3.7 All eight (8) tender submissions confirmed they met the requirements of the SPD and progressed to evaluation against the published award criteria of 60% Price and 40% Quality. During the evaluation, one (1) Tenderer was deemed to have an irregular bid due to a pricing document error and was removed from the process.
- 3.8 The scores relative to the award criteria for each of the remaining seven (7) Tenderer Tender submissions are noted below:

		<b>Quality (40%)</b>	<b>Price (60%)</b>	<b>Total (100%)</b>
<b>1</b>	<b>A consortium led by MP Group U K Limited*</b>	34.88	59.65	<b>94.53</b>
<b>2</b>	<b>A C Whyte &amp; Co Limited</b>	35.00	56.46	<b>91.46</b>
<b>3</b>	<b>Everwarm Ltd</b>	40.00	51.45	<b>91.45</b>
<b>4</b>	<b>Valley Group Limited</b>	31.13	60.00	<b>91.13</b>
<b>5</b>	<b>Procast Building Contractors Ltd.</b>	36.75	47.21	<b>83.96</b>
<b>6</b>	<b>G.M.G. (Contractors) Limited</b>	31.63	51.14	<b>82.76</b>
<b>7</b>	<b>Bell Decorating Group Limited</b>	30.63	46.36	<b>76.99</b>

\* Other members of the consortium; Bolix S A.

- 3.9 The evaluation of tender submissions received identified that the tender submission by MP Group U K Limited, as part of a consortium with Bolix S A was the most economically advantageous tender.
- 3.10 The form of contract will be NEC4 Term Service Short Contract June 2017 (as amended in January 2019 and October 2020) with Z Clauses.
- 3.11 The Contract is funded from the Housing Revenue Account (HRA) Capital Programme budget. The Council will also seek to maximise any potential funding opportunities to support the delivery of this Contract.
- 3.12 Mandatory Community Benefits were included as a condition of this contract which MP Group U K Limited confirmed they would adhere to. The commitment was to deliver seven (7) Employment Opportunities, these Employment opportunities will be delivered without any spend on the Contract. The mandated Community Benefits are detailed below:

<b>Mandated Community Benefits Requested</b>	
Job for an unemployed individual from a Priority Group	2
Job for an unemployed individual	2

Modern Apprenticeship	3
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3.13 In addition to the mandatory Community Benefits requested and offered, as part of the quality requirements community benefits were requested for every £3,000,000 (£3m) worth of spend, whether in an individual Task Order or across a number of Task Orders. Those Community Benefits will be delivered each time the spend increases by £3m and MP Group U K Limited has committed to deliver the following Community Benefits as part of this contract for every £3m worth of spend:

<b>Community Benefits Description</b>	<b>No of People / Activity</b>
Work Experience Placement for an individual 16+ years of age	3
Work Experience Placement for an individual in full time education	3
Industry Awareness Events	2
Commitment to ensure that supply chain opportunities are prioritised for Renfrewshire based businesses	1
Non financial support for a Social Enterprise or other approved community initiative	2

3.14 In addition to the Community Benefits identified in 3.12 and 3.13 above, the Council also requested voluntary Community Benefits. Tenderers were asked to take into account the nature of this Contract and its location. MP Group UK Limited have also offered the following voluntary Community Benefits:

<b>Added Value Community Benefits Description</b>
Training Academy – 6 monthly targeted events offering advice and guidance on routes into the industry and practical skill demonstrations for local unemployed people or those in full time education with an interest in construction.
Annual food and/or household goods donation of at least £250 or the provision of staff volunteers to assist in the delivery of the service to two locally based schemes such as Renfrewshire Foodbank or Community Fridge and Community Cabinet Paisley.
Labour and/or material donation.

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## Implications of the Report

1. **Financial** – The costs for this Contract will be met through the Housing Revenue Account Capital Programme budget.
2. **HR & Organisational Development** – No TUPE implications.
3. **Community/Council Planning** –
  - *Our Renfrewshire is fair* - Tenderers were assessed within this procurement process in regard to their approach to ensuring fair working practices throughout their organisation and supply chain i.e. payment of the living wage, training and development opportunities.
  - *Creating a sustainable Renfrewshire for all to enjoy* – MP Group U K Limited has committed to deliver Community Benefits as detailed within section 3.12, 3.13 and 3.14 of this report.
  - *Our Renfrewshire is thriving* – Maximising economic growth, which is inclusive and sustainable.
  - *Building strong, safe and resilient communities* – Ensure our neighbourhoods are safe and attractive.
  - *Tackling inequality, ensuring opportunities for all* – Improving housing conditions for both Council tenants and owners.
  - *Creating a sustainable Renfrewshire for all to enjoy* – The works will ensure that the housing stock is up to standard and protected for the future, while reducing carbon and helping to reduce residents' energy bills within the 8 neighbourhoods.
4. **Legal** – The Procurement of this Works Contract has been conducted as an above Threshold Open Procedure in accordance with the Public Contracts (Scotland) Regulations 2015 and Renfrewshire Council's Standing Orders relating to Contracts.
5. **Property/Assets** - This contract will ensure that the housing stock is up to standard and protected for the future, while reducing carbon and helping to reduce residents' energy bills.
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** – MP Group U K Limited and Bolix S A 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 procedure outlined within this report ensures that the Council meets its statutory requirements in respect of procurement procedures, efficiency and modern government.
10. **Risk** – MP Group U K Limited and Bolix S A insurances were assessed and evaluated to confirm that they meet the minimum requirements regarding insurable risk.
11. **Privacy Impact** - No Privacy implications have been identified or are anticipated.
12. **Cosla Policy Position** – No Cosla Policy Position implications have arisen or are anticipated.
13. **Climate Risk** – Tackling Climate Change and working towards Net Zero are addressed throughout this contract. The environmental impacts considered are broad and range from the disposal of waste generated from the works being carried out to the type of vehicles and machinery being used on the site. The Contractor will require to consider the emissions from their vehicles when working on site and to switch engines off when not in use to prevent unnecessary emissions. The level of impact associated with provision of these works has been assessed using the Scottish Government Sustainability Test and is considered to be overall low risk.
  - Carbon Energy Consumption – The works in the Contract should reduce the energy consumption of the Council domestic properties by replacing roof insulation, external wall panels, offering better insulation and reducing heat loss. The contract management will include monitoring of compliance with relevant Energy Efficiency Measures (EEM).

- Carbon – Vehicle Emissions – Vehicles will be routinely used for the delivery of supplies and resources to the sites. The Contractor will consider the pollution from their vehicles when working on site and to switch off the engine when not using to prevent unnecessary emissions.
- Waste – Production – The works will involve the production of waste which will need to be processed appropriately. Tenderers were required to detail waste management procedures in the Scottish Procurement Document (SPD) in regard to legal obligations and will be encouraged to think sustainably.

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### List of Background Papers

- (a) Report to Council on 3<sup>rd</sup> March 2022 titled 'Housing Revenue Account Budget & Rent Levels 2022/23 and Housing Capital Investment Plan 2022/23 to 2026/'
- (b) Report to Council on 17<sup>th</sup> December 2020 titled 'Housing-led Regeneration and Renewal Programme for Renfrewshire'

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