

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

**On:** 21 November 2024

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**Report by:** Director of Finance and Resources and Director of Environment,  
Housing and Infrastructure

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**Heading:** Contract Award: Communal Ground Source Heat Pump solution for  
Gallowhill Multi Storey Blocks (RC-CPU-24-041)

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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 Communal Ground Source Heat Pump solution for Gallowhill Multi Storey Blocks, (RC-CPU-24-041) to Kensa Contracting Limited.
- 1.2 The recommendation to award the Contract follows a procurement exercise conducted in accordance with the Council's Standing Orders Relating to Contracts and the Scotland Excel Framework Agreement for Energy Efficiency Contractors (Reference 1320) ("Framework").
- 1.3 A Mini-Competition was conducted under Lot 3, Sub Lot 3.4 (Ground Source Heat Pumps).
- 1.4 A Contract Strategy was approved by the Corporate Procurement Manager and the Head of Housing Services on 5 October 2024.
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## 2. **Recommendations**

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

- (a) Authorises the Head of Corporate Governance to award a Works Contract, being a Call-Off Contract made under Lot 3, Sub Lot 3.4 of the Scotland Excel Framework Agreement for Energy Efficiency Contractors, reference 1320, for Communal Ground Source Heat Pump solution for Gallowhill Multi Storey Blocks, reference RC-CPU-24-041 in the form of a NEC4 Engineering and Construction Short Contract, June 2017 (as amended January 2019 and October 2020) and 'Z' Clauses to Kensa Contracting Limited;
- (b) Authorises the award of the Contract for the Tender Total of £5,146,851.12 excluding VAT;
- (c) Authorise a contingency of £514,685.11 which equates to 10% of the Tender Total excluding VAT;
- (d) Authorises a total Approved Contract Value of £5,661,536.23 (which is the total of the Tender Total plus the contingency spend);
- (e) Authorise a Contract Period of 14 months. The anticipated Starting Date is 3 February 2025, and the anticipated Completion Date of 17 February 2026. Any changes to these dates will be confirmed in the Council's Letter of Acceptance;
- (f) Note the award of this Contract requires the Contractor to enter into a Data Processor Agreement with the Council as indicated within the tender documentation.
- (g) Note that the Contract award is subject to receipt of external grant funding from the Scottish Government. The project will only proceed if the Council receives the requested grant funding.

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## 3. **Background**

- 3.1 The objective of the Contract is to replace the Gas Combi Boilers in 180 flats and common spaces within the two multi-storey blocks in Gallowhill; Gallowhill and Glencairn Court (all Paisley) with a shared ground loop source heat pump heating solution.

- 3.2 The current gas infrastructure at both Gallowhill and Glencairn Court is coming to the end of its lifespan and the Council is looking at alternative ways to decarbonise heating at this site aligned with local and national policies.
- 3.3 The Contractor will be required to design, supply and install an end-to-end heating solution, including shared borehole ground array, riser and lateral pipework, connected to individual ground source heat pump units, and hot water cylinders and radiators within each property.
- 3.4 The Scotland Excel Framework Agreement for Energy Efficiency Contractors, reference 1320, was identified as a suitable framework. For this Contract a mini-competition was conducted under Lot 3, Sub Lot 3.4 (Ground Source Heat Pumps) of the Framework.
- 3.5 In accordance with the Framework the Council invited all nine Contractors appointed to Lot 3, Sub Lot 3.4 to participate in the Mini-Competition for the Communal Ground Source Heat Pump solution for Gallowhill Multi Storey Blocks via Public Contracts Scotland – Tender Portal (PCS-T), which was issued on 5 September 2024.
- 3.6 By the closing date set for the return of electronic tender submissions, 12 noon, Wednesday 2 October 2024, four Contractors submitted a tender response to the mini-competition, one Contractor declined, and four Contractors failed to respond.
- 3.7 During the evaluation period, one Contractor was excluded from the tender process due to their bid being non-compliant. The Framework allows Contractors to submit rates equivalent to or lower than the Framework rates however, this Contractor submitted Fee Percentage and Equipment Percentage for Compensation Event higher than the levels they had submitted as part of the Scotland Excel Framework.
- 3.8 The three remaining Contractor submissions were evaluated against the Award Criteria of 50% Price and 50% Quality.
- 3.9 The scores relative to the Award Criteria for each of the three tender submissions are noted below:

<b>Tenderer</b>	<b>Price (50%)</b>	<b>Quality (50%)</b>	<b>Total</b>
Kensa Contracting Limited	50.00%	50.00%	100.00%
Vital Energi Utilities Limited	47.46%	40.00%	87.46%
Procast Building Contractors Ltd.	45.22%	37.75%	82.97%

- 3.10 The evaluation of tender submissions received identified that the tender submission by Kensa Contracting Limited was the most economically advantageous tender.
- 3.11 The form of Contract is NEC4 Engineering and Construction Short Contract, June 2017 (as amended January 2019 and October 2020) and 'Z' Clauses.
- 3.12 The costs for this Contract will be partly met by Scottish Government funding and partly met from the Housing Revenue Account (HRA) Capital Programme budget. A contract will only be awarded if the requested grant funding is received from the Scottish Government.
- 3.13 Community Benefits were requested as part of this procurement exercise and Kensa Contracting Limited confirmed that the following Community Benefits would be made available to the Council for this Contract:

<b>Community Benefit Description</b>	<b>No of People / Activity</b>
Job for an unemployed individual	1
Graduate	1
Work Experience Placement for an individual 16+ years of age	1
Industry Awareness Event	5
Business advice/support to a local SME /Social Enterprise/ Voluntary organisation	3
Commitment to ensure that supply chain opportunities are prioritised for Renfrewshire based businesses	1
Financial Support for a Social Enterprise or other approved community initiative	5
Non-financial support for a Social Enterprise or other approved community initiative	5

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### **Implications of the Report**

1. **Financial** – The cost of this Contract is £5,146,851.12 excluding VAT over the 14-month contract period will be met through the following:

Grant Funding	£2,000,000.00
Housing Revenue Account (HRA)	£3,146,851.12
Housing Revenue Account (HRA) Contingency	£514,685.11

The anticipated starting date is 3 February 2025.

2. **HR & Organisational Development** – None directly arising from this report.

3. **Community/Council Planning** –

- **Our Renfrewshire is thriving** – maximising economic growth, which is inclusive and sustainable.
- **Our Renfrewshire is well** - supporting the wellness and resilience of our citizens and communities.
- **Our Renfrewshire is fair** - addressing the inequalities which limit life chances.
- **Our Renfrewshire is safe** - protecting vulnerable people and working together to manage the risk of harm.

**Place:**

- Demonstrating that Renfrewshire is a great place to grow up, it's a place of opportunity for those that live and work here, and it's a brilliant place for a day out.

**Economy:**

- Improving lives and securing wellbeing through a stronger, inclusive and sustainable economy, being creative, imaginative and linking opportunities to enhance the benefits for Renfrewshire.
- Matching the skills developed in Renfrewshire with the opportunities available in Renfrewshire and equipping all children and young people to achieve success in life.

**Fair:**

- Reducing inequalities in Renfrewshire, focusing on supporting our communities through the cost-of-living crisis with dignity and empowering people to live fulfilled lives.

**Green:**

- Working across partners and communities to deliver the priority areas highlighted in our Plan for Net Zero, working towards a net zero Renfrewshire by 2030.

- Ensuring our journey to net zero is a just transition with climate justice and fairness at the heart, finding opportunities to challenge inequalities in new green ways as we tackle the climate crisis.
- Integrating climate considerations into our long term strategic and financial planning as an organisation
- Planning for future climate adaptations when designing our services and our developing our place, particularly considering the impacts for our most vulnerable citizens.
- Boosting our green economy, creating good green jobs that are sustainable for the future.

**Living Our Values:**

- Leading positively through transition and change.
- Delivering best value for our citizens and customers.

4. **Legal** – The Procurement of this Contract was conducted in accordance with the requirements for a Mini Competition under Lot 3, Sub Lot 3.4 of the Scotland Excel Framework Agreement for Energy Efficiency Contractors (Reference 1320) and the Council’s Standing Orders Relating to Contracts.
5. **Property/Assets** – this contract will ensure that statutory legislative requirements are being met and that Council-operated properties and assets are properly maintained in line with the legislation.
6. **Information Technology** - Kensa Contracting Limited cyber security and compliance credentials were evaluated by the Council’s Architecture & Technology team and met the Council’s requirements regarding cyber security and compliance.
7. **Equality & Human Rights** – None arising directly from this report.
8. **Health & Safety** – Kensa Contracting Limited health and safety credentials were evaluated by Corporate Health and Safety and met the Council’s requirements regarding health and safety.
9. **Procurement** – The procurement procedures outlined within this report ensures that the Council meets its statutory requirements in respect of procurement procedures, efficiency, and modern Government.

10. **Risk** - Kensa Contracting Limited insurances have been assessed and evaluated to confirm that they meet the requirements regarding insurance risk.
11. **Privacy Impact** – A Data Processor Agreement is required between Renfrewshire Council and Kensa Contracting Limited as indicated the tender documentation.
12. **Cosla Policy Position** – None directly arising from this report.
13. **Children’s Rights** – This report does not cover a new policy, function or strategy nor a substantive change to an existing policy, function or strategy which will have an impact on children’s rights.
14. **Climate Risk** – The level of impact associated with the provision of these works have been assessed using the Scottish Government Sustainability Test and is considered to be overall high risk.  
  
Mitigations the Council has taken in regard to sustainability within this Contract is to include contractual elements within the Scope such as:
  - The Contractor should aim to ensure that any deliveries to site are consolidated to reduce emissions.
  - The Contractor is required to provide a Site Specific Waste Management Plan detailing where all the waste produced will be recycled or if it cannot be recycled where the waste will go.

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### List of Background Papers

- (a) None

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