



Energy Efficiency Contractors Framework

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Commissioned by: Scotland Excel

Contact: Kelly Nugent, kelly.nugent@scotland-excel.org.uk

Introduction

Scotland Excel manage a £2bn portfolio of over 70 collaborative contracts on behalf of the Scottish Government. Frameworks are two stage procurement approaches that initially select suppliers of commonly procured goods, services or works who have signed up to pre-agreed terms and conditions. Frameworks ensure that members achieve best value from procurement through their combined spending power.

Scotland Excel's energy efficiency contractors framework went live in February 2022 and is expected to bring up to £800 million worth of business opportunities over the 3 year framework. 46 UK based suppliers have joined the framework, including 33 Scottish SMEs.

This second generation framework helps councils and other social landlords to source

technical and service requirements they need to implement energy efficiency measures through retrofitting existing buildings partially or wholly owned by Scottish councils, Scotland Excel associate members and other bodies. This seeks to cut emissions, tackle fuel poverty and create warmer homes. The framework is aligned with and reflects the aims of the Scottish Government's Heat in Buildings Strategy. It *'has social and environmental policy objectives at its core, to support our members to tackle fuel poverty, reduce carbon emissions and aid a green recovery'*.

It covers professional services like energy efficiency designers, coordinator, assessors, as well as building fabric measures like wall, floor and roof insulation, door and window replacement, retrofit, and roof repair and replacement. It will also include heating, hot water and ventilation measures for electric and gas systems, and renewables and



energy storage measures.

The 21 retrofit measures and four professional roles relating to the delivery of the retrofit measures are contained within 4 Lots:

- Lot 1 – Professional Services: 4 sub-lots
- Lot 2 – Building Fabric Measures: 10 sub-lots
- Lot 3 – Heating, Hot Water and Ventilation Measures: 7 sub-lots
- Lot 4 – Renewables and Energy Storage Measures: 4 sub-lots

The framework is a fundamental enabler that will support the Scottish Government's key policy objective of attaining net zero by 2045 and has social and environmental policy objectives at its core¹.

Procurement process

The procurement process followed the stages of the Scottish Government's Procurement Journey.

Tools such as Life Cycle Impact Mapping and the Sustainability Test were used to capture and assess risks and opportunities in terms of environmental and social impact. Discussion and support took place with Scottish Government, Energy Saving Trust, Zero Waste Scotland and their ProCirc contractor Sustainable Procurement Limited (SPL), industry contractors and other technical experts.

Specification

The specification set out specific energy efficiency requirements (the subject matter of the contract).

It also set out related sustainability requirements (extract):

- *A preference to sustainable and environmentally friendly end of life options' and 'take all reasonable steps' to minimise waste, remove waste arising during the work and on completion, and shall dispose of it in a manner that complies with*

environmental regulations.

- *Delivering results for any required testing, measuring, and monitoring of materials, technologies and/or other to satisfy the criteria, conditions and/or stipulations set by any low-energy and/or sustainable design standards and/or certifications and/or funding mechanisms.*
- *Includes, but is not limited to, the suitability, specification and performance of energy systems and technologies, energy and carbon dioxide reduction targets.*
- *Provision of results and/or data necessary to evaluate the effect of the energy efficiency retrofit measures including, but not limited to, reductions to energy consumption, fuel poverty, operational carbon dioxide emissions.*

Method statement

Support under the Interreg NSR ProCirc programme focused on the evaluation of tender responses, which supports the transition to Net Zero and a Circular Economy.

A Specific Section relating to Carbon Reduction and Environmental Impact was written as part of the tender documentation (extract below):

Carbon Reduction & Environmental Impact:

In relation to the Works and Services to be carried out under this Framework Contract please detail how your organisation will provide a positive environmental impact and support the Scottish Governments' Climate change policies for achieving Net Zero. The Contractor is required to support the Client's aims to transition to a circular economy, which also supports the transition to 'net zero' emissions as set out in the Scottish Government strategy 'Making Things Last: a circular economy strategy for Scotland'. See <https://www.gov.scot/publications/making-things-last-circular-economy-strategy-scotland/>.

¹ Energy efficiency contractors: <https://home.scotland-excel.org.uk/our-contracts/contract-directory/energy->

<https://home.scotland-excel.org.uk/newsroom/news/2022/february/energy-efficiency-contractors-framework-goes-live/>



This response should detail how Tenderers will;

- *Establish a methodology for recording the reduction to both energy and material embodied carbon that has been achieved from measures installed under the framework.*
- *Detail any current and/or future commitments your own organisation has made to support the delivery of transport, energy and material embodied carbon reduction within Scotland.*
- *Manage the environmental impact of the works during supply, installation, and disposal of material.*
- *How your organisation will record information on waste reduction and reuse of materials.*
- *Source innovative environmentally conscious products and materials, that are feasible and reduce embodied carbon impact. Reduction in embodied carbon impact can be measured through life cycle analysis and whole life costing of impacts. This can be achieved through measures such as;*
 - *designing for and implementing materials optimization*
 - *minimising the use of non-renewable primary materials*
 - *ensuring longevity and maximising the value of materials once the original purpose is accomplished*
 - *design for reuse, recovery, deconstruction and flexibility.*

Evaluation of tender responses

SPL assisted the evaluation panel by highlighting the links from the specification and tender question above to guidance on 'What a good response looks like' using SXL's five point scoring methodology.

'Top tips' were created on what general criteria a good response would meet, as below:

- Is forward looking – focusing on how the contractor will apply relevant objectives within call-offs from the framework, capable of being objectively monitored through contract management.
- Does not rely on policy details or Corporate Social Responsibility reports for evidence of how they will meet framework requirements. A contractor may have a range of policies and/or strategies that it has adopted. On their own they do not demonstrate how the contractor will apply relevant objectives within call-offs; evidence is needed for example of how stated policy commitments will be applied in practice through appropriate measures at call-off.

Specific advice to the Technical Panel was provided, for:

Embodied carbon:

Link to ITT question:

'Detail any current and/or future commitments your own organisation has made to support the delivery of transport, energy and material embodied carbon reduction within Scotland'.

'Source innovative environmentally conscious products and materials, that are feasible and reduce embodied carbon impact. Reduction in embodied carbon impact can be measured through life cycle analysis and whole life costing of impacts. This can be achieved through measures such as;

- *designing for and implementing materials optimization*
- *minimising the use of non-renewable primary materials*
- *ensuring longevity and maximising the value of materials once the original purpose is accomplished*
- *design for reuse, recovery, deconstruction and flexibility'.*



Good response guidance, regarding embodied carbon, included the following. It is recognised that the scope of services provided by bidders varies and therefore the range of measures potentially varies according to the Lots:

1. **Identification and assessment (materials)** - assess priority opportunities, based on materials' performance requirements, costs, virgin material avoidance, material choice to aid demountability, reuse and recycling – including, where relevant, top 5 materials to be used and how they will work with the framework user to assess options. How the bidder will evaluate capital, lifecycle costs to justify value for money in terms of prioritised quick wins (including a robust methodology for identifying and monitoring whole life costs and selection of the most whole life cost-effective options including materials where options with higher re-used/recycled content are available on the market at a competitive cost).
2. **Identification and assessment (reuse)** - assess the feasibility of reuse of existing materials, products, fittings available from strip-out and/ or where practical from nearby sites.
3. **Identification and assessment (products)** - identification of key products or equipment to be installed that have potential for durability, repair, re-use, refurbishment or cost-effective remanufacturing, including products or equipment used comprising re-used, refurbished or remanufactured parts and materials that meets quality and safety standards.
4. **Design** - [where relevant] Designing for flexibility, enabling significant changes to be made to the building during the course of its life.
5. **Timber** - use of sustainably and legally sourced timber in accordance with UK policy, use recycled timber and products using recycled timber where relevant.
6. **Materials** - In accordance with relevant performance and quality requirements - the use of reclaimed materials where practicable/ sustainable/ low carbon and legally sourced materials and packaging/ use of materials with highest level feasible of recycled content.
7. **Materials** - the use of durable materials, components and systems, including but not necessarily restricted to aggregates, insulation, panels, structural metals, fit-out metals, concrete/cement, composites/SIPs, plasterboard, timber, plastics and glass (all of which meet relevant performance and quality requirements).
8. **Products installed** - design of products installed, in conjunction with the relevant supply chain, for example to prevent early obsolescence and the durability, repairability and availability of spare parts for products or equipment installed or used in the contract, so that their useful life may be optimised.
9. **End of life products/ materials/equipment** - allowing salvaged products or materials at the end of first life to be re-used, re-manufactured or recycled, recovering some of their inherent value – including where possible key products or equipment will be re-used after being refurbished, during and/or after the contract has expired, either for internal re-use or externally (for example used on other contracts or sold).

Monitoring outcomes

Detail of how carbon impact of products/ materials used, may be reported, where available e.g. recycled content/ embodied carbon data.

Detail and assessment approach to materials choice, components and systems considered and relative carbon impacts.

Assessment process undertaken for call-offs to evaluate use of low carbon materials and products.



Environmental Impact and Waste:

Link to ITT question (extract - there is inevitable overlap with the focus on embodied carbon):

'How the tenderer will manage the environmental impact of the works during supply, installation, and disposal of material.

How your organisation will record information on waste reduction and reuse of materials'.

Good response guidance, regarding environmental impact and waste, included the following. It is recognised that the scope of services provided by bidders varies and therefore the range of measures potentially varies according to the Lots:

1. **Safe storage and use** - details of materials and waste storage and use, so as to prevent pollution to air, land and water.
2. **Use of energy** – details of how the contractor will minimise use of energy in provision of relevant services, including:
 - a. Mains electricity, generators, air compressors, plant and others.
 - b. The application of minimum energy efficiency ratings for equipment used.
 - c. Ensuring that all fuels, gas and electricity are used economically and the practical application of innovative solutions, including low and zero carbon technologies (e.g. use of electric plant/ generators and use of renewables where this affects carbon impacts, such as where required services may be from manufacturers of products to be used/ installed).
3. Waste hierarchy - details of how the contractor will apply the waste hierarchy and aim for zero waste to landfill in framework delivery, including:
 - a. Utilising a strip out Waste Management Plan and associated Recovery Index or similar for incorporating materials in the new requirement – inc. details of how they will use such materials on the project.
 - b. Waste management – details of

how the contractor will comply with waste regulations, ensuring waste is recycled where it cannot be reused.

- c. Single use and problematic plastics – how single use and problematic plastics will be avoided and or minimised through substitution where possible in packaging and products/ materials used.

Monitoring outcomes

- General - details may include - analysis of the forecasting, targets and actions that aim to deliver intended circular outcomes and suggested improvements to wastage rates, recovery rates and levels of re-used/recycled content and an explanation of how they will monitor and report implementation of agreed waste reduction/re-use/recycling measures including periodic reporting of quantities, progress against agreed targets and project measures. This may include (not an absolute requirement as it will depend on scope of services but details from the tenderer of potential reporting would be helpful):
 - e.g. how they will report repair/reuse/ remanufacturing of materials/ products/ equipment where relevant, such as % [volume] [tonnage] of non-hazardous [strip-out] waste (materials/ products/ equipment) generated by the project and diverted for reuse and from landfill, % [volume] [tonnage] of total material value derived from reclaimed/reused content in new project.
 - Post project evaluation - robust



- procedures for post project evaluation in conjunction with the Client and end user to determine performance against (agreed) waste and whole life cost targets/budgets.
- Supply chain - details of the supply chain and robust relevant procedures to be followed by supply chain partners to identify and monitor relevant outcomes.
 - Qualitative reporting - where a baseline may not be available, or the market may not yet have the capability to report improvements recording waste reduction/ reuse recording may comprise - what improvements they have made/ can make to reduce waste to landfill and the use of virgin materials and [for longer-term projects] whether they will be able to quantify these improvements in time (if so, setting a deadline for establishing a baseline and monitoring improvements).
 - Training - relevant training regarding waste and circular application for staff and sub-contractors.

Guidance was also provided regarding travel and transport, given the inevitable significant movement of people and materials required to deliver required services and the objective to reduce related climate change and air pollution emissions.

Results

Initial estimation of environmental outcomes

If the requirements regarding circular outcomes are turned into practical implementation during the lifetime of the framework it is estimated that waste and carbon savings during the lifetime of the framework may be:

- Approximately 4,952 tonnes of waste.
- Between 74 tonnes and 197 tonnes CO₂e.

This is based on:

- £800m expenditure under the framework, with an assumed 2% relating to materials/ products and equipment to which circular approaches may apply.
- Assumed 25% of the 2% relates to waste that would otherwise be generated, of which 45% is assumed to be metals, 50% plastics and the remainder timber.

NB The above outcomes are very indicative estimates based on the assumptions shown. It is also recognised that these cannot be accurately determined, and outcomes will depend on the extent and nature of services procured under the framework, relevant products, materials and equipment to which circular approaches may apply, the development of market capability to support circular outcomes during the lifetime of the framework, assumed costs and weight of equipment and materials as well as reporting of outcomes through contract management in due course.



Lessons learned

Scotland Excel identified that sustainability considerations within the framework related to not just the core energy efficiency service requirements but also related environmental and social outcomes, including those supporting the transition to a circular economy.

Given the scope of services and environmental risks and opportunities it may be suitable to split the method statement question into sub-questions and adjust some of the wording, to ensure for future frameworks this fully reflects the nature of the market, scope of services required and specialisms of bidders.

The two sessions on evaluation moderation were well managed by SXL, with a very good level of understanding by the evaluation panel. Those taking part had some good discussion and reached consensus that reflects an objective assessment of responses.

The evaluation guidance support helped the panel and reinforced SXL focus on relevant method statement questions and evaluation of responses objectively.

As a result Kelly Nugent Senior Procurement Specialist at Scotland Excel feels they have good understanding of how to apply lessons to other frameworks now and in the future.

Councillor John Shaw, Convener of Scotland Excel, said:

"I welcome the launch of this contract that will give councils and housing associations a one-stop-shop to a range of innovative energy efficiency measures. With sustainability at its core, it will underpin the Scottish Government's drive for Net Zero by 2045 by supporting councils and housing associations in their efforts to tackle fuel poverty and reduce carbon emissions.

*It will also bring significant opportunities for the businesses that have secured a place on the framework, which includes 37 Scottish suppliers – 33 of which are SMEs. I'm also pleased that we have improved and enhanced the framework from its first generation to support a rapidly growing market – and this includes introducing a new professional services lot."**

* <https://home.scotland-excel.org.uk/newsroom/news/2022/february/energy-efficiency-contractors-framework-goes-live/>