

Procurement Plan

TITLE: Kent and Medway Sustainable Energy Retrofitting Framework	VALUE: Approx. £10 million	Ref: SS13158
Procurement Lead: Susan Goss	Date: May 2014	
Client Lead: Carolyn McKenzie	Position: Sustainability and Climate Change Manager	

Description:

Kent County Council, on behalf of the Kent and Medway Sustainable Energy Partnership (KMSEP), is looking to set up a framework agreement with a small panel of Suppliers (number to be confirmed) to provide energy efficiency and retrofitting services and who will also have access to Energy Company Obligation (ECO) (and other) funding (i.e. Green Deal cashback, non-refundable grants), Green Deal and other suitable finance (i.e. loans).

The anticipated value for the framework is approximately £10 million, subject to resident take up and national changes to funding for energy efficiency measures. The figure represents the economic benefit to the Energy Companies in terms of reducing their fines, the value of other funding levied into Kent, as well as direct contribution from partners to improving their own social stock, and not a value spent by KCC.

Suppliers on the framework will provide either the funding/finance and the installation of the measure or the installation only. Specialist assessments will need to be undertaken to allow access to funding/finance a lot may be included to cover this third supplier type. It is possible that a single supplier could provide assessments, funding/finance and installation of one or a range of measures.

The proposed structure for the multiple lot framework is as follows:

LOT 1	<p>HHCRO / ECO Affordable Warmth</p> <p>We are seeking ECO providers/installers who can provide an HHCRO¹/ECO Affordable Warmth solution that is available for vulnerable groups across the whole of Kent and Medway.</p> <p>Suppliers appointed to this lot will also be able to tender to be involved in the delivery the Winter Warmth programme which provides top up/additional funding for energy efficiency measures for the most vulnerable and elderly (£300,000 per year). District partners may also have additional grant or loan contributions available to vulnerable residents that suppliers appointed to this lot could access.</p> <p>To make sure the winter warmth scheme makes best use of ECO, suppliers in this lot should also have access to CSCO²/CERO³ funding.</p>	<p>A maximum of 5 suppliers to be appointed on to the framework</p>
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¹ Home Heating Carbon Reduction Obligation (HHCRO).

² Carbon Saving Community Obligation (CSCO).

³ Carbon Emissions Reduction Obligation (CERO).

LOT 2	<p>Delivery of Energy Efficiency Measures</p> <p>We are seeking to appoint Suppliers with access to ECO funding and Green Deal finance (among others) who can provide a range of energy efficiency measures including, but not limited to:</p> <table border="0"> <tr> <td>External Wall Insulation</td> <td>Internal Wall Insulation</td> </tr> <tr> <td>Cavity Wall Insulation</td> <td>Loft Insulation</td> </tr> <tr> <td>Glazing</td> <td>Low Energy Lighting</td> </tr> <tr> <td>Boiler Repair</td> <td>Boiler Replacement</td> </tr> <tr> <td>Central Heating systems</td> <td>Draught-proofing</td> </tr> </table> <p>Suppliers will need to be able to carry out their own engagement of residents and be able to put best value funding packages together to suit the resident</p>	External Wall Insulation	Internal Wall Insulation	Cavity Wall Insulation	Loft Insulation	Glazing	Low Energy Lighting	Boiler Repair	Boiler Replacement	Central Heating systems	Draught-proofing	A maximum of 5 suppliers to be appointed on to the framework
External Wall Insulation	Internal Wall Insulation											
Cavity Wall Insulation	Loft Insulation											
Glazing	Low Energy Lighting											
Boiler Repair	Boiler Replacement											
Central Heating systems	Draught-proofing											
LOT 3	<p>Delivery of Solid Wall Insulation</p> <p>We are seeking to appoint Suppliers with access to ECO funding and Green Deal finance (among others) that can provide a solid wall insulation solution, which might be internal or external wall insulation.</p> <p>Suppliers will need to be able to carry out their own engagement of residents and be able to put best value funding packages together to suit the resident</p>	A maximum of 5 suppliers to be appointed on to the framework										
LOT 4	<p>Delivery of Green Deal Assessments and building surveys</p> <p>We are seeking to appoint Suppliers that can deliver initial assessment visits to properties, including EPC assessment, Green Deal Assessments or building surveying.</p>	A maximum of 5 suppliers to be appointed on to the framework										
LOT 5	<p>Park Homes</p> <p>We are seeking to appoint Suppliers that have access to technologies and funding that will enable retrofitting of energy efficiency measures in Park Homes. Suppliers will be able to demonstrate they have knowledge and experience of installation of measures and of engagement and surveying of this type of property.</p>	A maximum of 5 suppliers to be appointed on to the framework										
LOT 6	<p>Renewable Energy</p> <p>We are seeking to appoint Suppliers that can install renewable technologies in domestic and non-domestic properties. Suppliers will have access to or knowledge of claiming various grants and funding associated with renewable technologies.</p>	A maximum of 5 suppliers to be appointed on to the framework										

The KMSEP partners would potentially draw off the framework to deliver a range of energy efficiency projects to their own stock but would also support suppliers to access the private market in Kent through joint programme branding, support for communication and marketing and through the use of the county and local councils own trusted brands

The project team will investigate the possibility of including a rebate of 1% or similar for every business lead Suppliers take up through the framework.

The KMSEP is determined to secure additional benefits from a core programme of retrofit activity: this is not simply about physical measures, but low carbon regeneration with retrofit at its core.

The framework will be open to the same group as the original framework. Kent County Council is setting up the Framework on behalf of the following Users, who will all have access to use this Framework should they require:

Local Authorities:

- Ashford Borough Council
- Canterbury City Council
- Dartford Borough Council
- Dover District Council
- Gravesham Borough Council
- Kent County Council
- Maidstone Borough Council
- Medway Council
- Sevenoaks District Council
- Shepway District Council
- Swale Borough Council
- Thanet District Council
- Tonbridge and Malling Borough Council
- Tunbridge Wells Borough Council

Registered Housing providers:

- Accent Peerless
- AmicusHorizon
- Downland Housing Association
- English Rural Housing Association
- Golding Homes
- Hexagon HA
- Keniston HA
- London & Quadrant Housing Trust
- MHS Homes
- Moat
- Orbit South
- Places for People
- Riverside
- Russet Homes
- Sanctuary Housing
- Southern Housing Group
- The Hyde Group
- Town and Country Housing Group
- West Kent Housing Association

Other organisations:

- Action with Communities in Rural Kent
- National Landlords Association
- NHS Kent and Medway

We will also invite district and county authorities from the South East Local Enterprise Partnership to be named on the OJEU notice giving them the opportunity to utilise the framework in the future.

The KPSEP expects the suppliers to support local economic development and minimise negative environmental impacts arising from the project, such as minimising transport mileage arising from the supply of equipment, minimising travel miles from the depot to the delivery area and maximising logistical planning, minimising commuter miles of staff.

Source of Funding

Funding for energy efficiency measures will be from the Energy Company Obligation, Green Deal Cashback, Feed in Tariff, Renewable Heat Incentive and other relevant funding pots. Some measures will also be financed through the Green Deal or other relevant finance packages. The framework suppliers will assess properties' suitability for funding /finance and put together the best value funding packages to suit the resident/property owner and property; claiming ECO funding on householder's behalf or supporting them to claim any other relevant funding. The supplier will then arrange for delivery/ installation of agreed measures.

Where this funding/finance does not meet the whole cost of the measure either partner contracting authorities (such as the local authorities and registered housing associations listed below) or private residents will contribute to the cost. Some local authority partners (including KCC public health) have grant funding or loan facilities available to support the cost of retrofit in private households and the framework will offer the opportunity for partners to engage suppliers to delivery energy efficiency measures in private households utilising a mix of grant funding and partners own funding.

Linkage to Category Strategy:

There is currently no category plan for the provision of these services.

Business Objectives:

A tender was run in 2012 (reference: SS12115) which set up the ECO Funding Provider framework with Enterprise for the delivery of the pilot scheme. This new project will to expand the project to cover the whole of Kent and provide a framework of a panel of energy efficiency suppliers with access to ECO, or other relevant funding, as well as Green Deal Finance or other finance packages.

The objectives of the framework will be:

- To ensure residents and businesses receive a clear and consistent message about the funding and finance options are available to support retrofitting of energy efficiency measures and what the best options are for them.
- To tackle fuel poverty by drawing in as much ECO and other funding to Kent as possible.
- To support our local network of SMEs to be 'Green Deal Ready' and take advantage of economic growth and opportunities in the sector.
- To reduce carbon emissions in Kent and Medway.

Strategy links:

- Kent Environment Strategy: Implementation Plan 2013-2015.
- EF1.1: We will simplify the energy and water efficiency support landscape for Kent residents and support development of and access to, finance mechanisms such as the Green Deal and ECO.
- Low carbon sector priority in the Kent and Medway Growth Plan.

- The framework will be available to all South East Local Enterprise Partners (SELEP).

Current Supply arrangements:

A tender was run in 2012 (reference: SS12115) which set up the ECO Funding Provider framework with a single provider, Enterprise, for the delivery of the pilot scheme. Due to changes in government funding Enterprise had to withdraw from the framework. The new framework will rectify this issue and as much as possible prevent a reoccurrence.

Market Position:

The current and previous market for energy efficiency funding is a complex one with numerous funding streams and a large number of potential installers and providers.

In January 2012 the government launched the Green Deal its' new scheme to encourage the uptake of energy efficiency measures in households and business properties such as insulation and heating systems.

The Green Deal is a finance mechanism that enables measures to be installed at no upfront cost with the cost of the measures being repaid through the energy bill. The golden rule being that cost of installation should be less than or equal to the savings on the energy bill achieved by having the measures installed.

Alongside the Green Deal sits the ECO which supports the installation of measures where achieved savings won't meet the golden rule, such as vulnerable or low income households or properties with solid walls.

To this end KMSEP procured and appointed an ECO funding provider to a framework in May 2013. This arrangement successfully delivered circa 1000 fully funded measures in circa 1000 Kent properties. However, recent national changes to the funding for energy efficiency mean that the previous framework was no longer valid. KMSEP are keen to procure a more flexible framework with multiple providers and multiple lots to enable us to continue to drive retrofitting activity in Kent and Medway.

Procurement Risks:

Risk	Controls/Mitigating Action
Lack of suitable number of responses to Contract Notice due to uncertainty in the energy efficiency market and funding available nationally or lack of attractiveness of the framework.	<ul style="list-style-type: none"> ➤ Open OJEU process to make the contract available to widest possible market: ensure specification is worded to enable both main contractor working as project manager bids and enable consortia bids (i.e. partnerships of local SMEs to put forward a collective bid). ➤ Holding Meet the Buyer (MTB) events to gage current market situation and appetite to bid for this tender. (N.B. The Meet the Buyer event took place on 6 May 2014: results of the event and associated questionnaires are attached.)
Responses to Contract Notice not of suitable calibre	<ul style="list-style-type: none"> ➤ Use lessons learnt from original framework and MTB to assist in re-drafting of tender documentation to enable a better outcome.
Delay in programme due to review of documentation by partners	<ul style="list-style-type: none"> ➤ Give partners forewarning of proposed review dates, lead up to return dates, return dates and chase them to return documentation. Target documentation to

	appropriate level i.e. only to a level capable of making the decision on behalf of the partner.
Selected framework suppliers do not perform well	➤ Incorporate SMART key performance indicators within the tender documentation. Brief appropriate team members on how to manage contracts effectively. Pro-active management of contract rather than reactive monitoring.
Contractors appointed but further national changes mean funding changes or is not available	➤ Using multiple Lots and multiple providers to enable us to mitigate issues around specific suppliers losing funding agreements as far as possible.

Procurement Route Options & Evaluation:

The economic benefit to energy companies is approximately £10 million. Therefore an OJEU compliant process is required.

An Open tender process is the most applicable as it will enable the widest amount of tenderers in a slightly shorter timeframe.

Project will be a multiple lot (each with multiple suppliers) framework agreement to have a number of suppliers readily available to flexibly provide this service for the next 4 years.

The framework will be awarded on a combination of quality and cost criteria at an approximate ratio of 50:50.

The cost aspect will be based on the cost of installing various energy efficiency measures rather than the value of funding secured which is a moving feast. The project team will investigate the possibility of making the cost aspect subject to an eAuction to determine the true market price of installation. Although due to the complicated nature of the potential costing matrix, an eAuction may not be possible.

Procurement Route Recommendation:

The proposed procurement route is Open OJEU process. This is to open up the project to the widest possible market in what is a niche market. Documentation used on the earlier pilot project can be used as the proforma or template for this project.

Outline Timescales:

19 May	Procurement Plan approved at Procurement Board
20 June	Produce all final documentation
23 June	Advertise tender
4 August	Tender closes
4 Aug to 5 Sep	Assessment
8 to 12 Sep	Prepare Award report
12 to 23 Sep	Alcatel (standstill)
23 to 29 Sep	Sign all contracts and award framework

Resources Required:

Kirstie Pritchard, Senior Environmental Projects Officer

- 40-50 days from April 2014 to September 2014

Carolyn McKenzie, Head of Sustainability and Climate change team

- 10 days from April 2014 to September 2014
- KMSEP partners
- 20-30 days from April 2014 to September 2014
- Susan Goss, Procurement Officer, Construction, Maintenance, Transport & Waste.
- 20 days over a 4 month period.

See end of plan for Standard RACI table.

Reviews Planned:

Procurement process to reviewed and assessed by members of the procurement team.

Procurement Plan to be submitted to May 19 Procurement Board.

Legal will need to review and amend the existing Framework Agreement and Access Agreement to enable it for use by new project.

Finance review unnecessary at this stage due to the project not costing KCC anything.

Approval to Proceed:

Signed:

Name:

Date:

Check List

Please review items on check list and complete response box and where appropriate include in plan above.

Check Item	Action Required	Response
Social Value	Social Value needs to be considered	<i>Following on from suggestions made at the Meet the Buyer Event: investigate appropriate structuring of tender opportunity to help SMEs and include provision for apprenticeships.</i>
Equalities Impact Assessment	Is and impact assessment necessary, in most cases this will be a requirement the Service are responsible for carrying this out. If in doubt contact Janice Hill, Equalities & Diversity Officer 01622 221981	<i>Attached.</i>
Legal Support Required	Legal support requirement should be considered and agreed with the client. Also if a risk of challenge has been highlighted this should be communicated to legal and added to the risk register on the shared drive.	<i>Risks listed above in Risk Matrix.</i>
Kent Business	Ensure plan has addressed supporting Kent Business	<i>Investigate appropriate structuring of tender opportunity investigate appropriate structuring of tender opportunity to help SMEs and include provision for apprenticeships, following input from Meet the Buyer Event.</i>
TUPE/Pension Staff Transfers	Ascertain if there is any possibility of staff transfers and discuss with Client. If TUPE or Pensions may be involved for TUPE discuss with legal for Pensions see Steven Tagg.	<i>Ensure Client has considered these, if any staff transfer involved inform Legal to ensure TUPE and Pension strategy is clear.</i>
Environment	Are there environmental issues or implications in this contract	<i>The contract enables the delivery of item EF1.1 of the Kent Environment Strategy: Implementation Plan 2013-2015.</i>
Business Continuity	Business continuity issues this does not just mean IT but consideration of providing essential services	<i>Investigate the addition of a clause allowing provision of service by failing framework supplier (definition to include those whose funding stream has dried up) to be taken over by one of the remaining framework suppliers.</i>

Financial Risk	<p>What is the financial risk associated with this contract,</p> <p>Supplier Risk: How much assessment of the supply base is necessary, what is the risk if a supplier fails. If the tender is above EU value we should use Finance Projects Team to carry out financial assessments.</p> <p>Budget Risk: Is the budget confirmed for the duration of the contract?</p>	<p><i>Suitable financial evaluation of contractors is laid out in the original framework's tender documentation. The same evaluation will be used with this project.</i></p> <p><i>Funding is provided by the framework supplier.</i></p> <p><i>Any partnership contribution will be agreed at the time of call off following the relevant partners own internal processes</i></p>
Collaboration/Access to Contract	Will this contract be shared with others, if so how is procurement being undertaken.	<i>Access to contract is documented above.</i>

RACI Template

Team Member	Proc Officer	Service Lead	Service Specialist	Service Director	etc
Action					
Draft Procurement Plan	A/R	C	C	I	
Specification	C	A	R	I	
Tender using Procontract	R	A	C	I	
Evaluation	C	A/R	R	I	

RACI	Definition
Accountable	The role who is responsible for ensuring the action takes place (can only be one)
Responsible	The role or roles who actually carry out the action
Consulted	Roles that will be consulted about the task (views need to be considered)
Informed	Roles that will be informed (no decision making or influencing role)