

Finance and Resources Committee

10.00am, Thursday, 19 September 2024

Award of Contract for Strategic Heat Network Analysis for Edinburgh

Executive/routine
Wards

Executive
All

1. Recommendations

- 1.1 It is recommended that Finance and Resources Committee:
 - 1.1.1 Approves the award of a contract for a Strategic Heat Network Analysis for Edinburgh to Turner & Townsend Consulting Limited; and
 - 1.1.2 Approves the commencement of the contract on 30 September 2024, running until 28 February 2025, with an estimated value of £85,879.

Peter Watton

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Award of Contract for Strategic Heat Network Analysis for Edinburgh

2. Executive Summary

- 2.1 This report seeks approval to award a contract to Turner & Townsend Consulting Limited to undertake Strategic Heat Network Analysis for Edinburgh. The contract is required to commence on 30 September 2024 and continue until all the deliverables have been completed (which will be no later than the end of February 2025), at a total cost of £85,879. This will be primarily funded using grant monies.

3. Background

- 3.1 The Council is seeking to appoint a consultant to support the preparation of four separate deliverables which will help develop a strategic framework for the delivery of heat networks in Edinburgh. These deliverables require specialist technical and commercial knowledge relating to heat networks that is not available within the Council.
- 3.2 On 21 November 2023, the Council applied to the Heat Network Support Unit (HNSU) for Strategic Heat Network Support to help it develop the heat network delivery framework. On 18 January 2024, the HNSU advised that the Council's application for Strategic Heat Network Support had been successful, at a value of up to £139,000. Subsequently, the Council agreed a scope of works with the HNSU. This scope of works has been procured in two elements: one via a call-off from the Legal Services Framework, and the other via the ESPO Consultancy Services Framework as set out in this report.
- 3.3 In respect of this contract, the work will deliver outputs relating to the roll-out of heat networks in Edinburgh and relates to four elements of the agreed scope of works:
- 3.3.1 A feasibility review of the prospective Heat Network Zones;
 - 3.3.2 Refinement of the prospective Heat Network Zones;
 - 3.3.3 An audit and analysis of low/zero carbon heat sources in and around Edinburgh, giving a deeper understanding of available heat supply; and

3.3.4 Identification of the optimal route for a spinal pipe serving a city-wide heat network or linking multiple networks.

4. Main report

- 4.1 Commercial and Procurement Services (CPS) conducted a mini-competition utilising the ESPO Consultancy Services Framework 664_21, Lot 8b Environmental and Sustainability. This provided a selection of pre-vetted Suppliers with the necessary capability to meet the requirements.
- 4.2 Evaluation criteria was set at 50% Price, 50% Quality reflecting the need for the work to be delivered within the available budget. A minimum quality threshold of 40% was applied with the Council having discretion to disqualify Consultants who did not achieve this threshold.
- 4.3 This is a fixed term (upon completion of brief), single supplier contract for the provision of consultancy services.
- 4.4 CPS issued an expression of interest request to all 50 suppliers on the Framework Agreement and included on the lot using the ESPO portal Expression of Interest (EOI) facility.
- 4.5 Six suppliers from the EOIs sent out confirmed their interest and were subsequently invited via Public Contracts Scotland to submit tenders.
- 4.6 The Council received three tenders from the invited suppliers. The quality responses were evaluated and scored by officers from the associated service area.
- 4.7 All three suppliers had the price analysis applied following their quality evaluation.

Bidder	Price	Quality	Total
Turner and Townsend Consulting Limited	50.00	47.50	97.50
Tenderer B	33.04	47.50	80.54
Tenderer C	30.68	25.00	55.68

- 4.8 A summary of the tendering and tender evaluation processes is included at Appendix 1.

5. Next Steps

- 5.1 Subject to approval, the contract will commence on 30 September 2024 and will continue until all the deliverables have been completed, which will be no later than the end of February 2025.

- 5.2 The contract will be managed by the Council's Local Heat Energy Efficiency Strategy (LHEES) Office.

6. Financial impact

- 6.1 The estimated value of this award is £85,879.

Budget Provision

- 6.2 This work will be funded from revenue budgets, primarily using grant monies. The Council has secured external grant funding of up to £139,000 from the national HNSU to carry out this work and another piece of work. 90% of the costs of this piece of work will be met using the external grant funding, with the remaining 10% met from the LHEES Office revenue budget.

- 6.3 In order to comply with the grant award, it is a mandatory requirement that all deliverables are completed by the end of February 2025 to the satisfaction of the LHEES Office.

Income/Savings

- 6.4 The estimated budget for this work was set at £100,000. The preferred tender represents a saving of £14,121 against this budget.

Social Value Benefit

- 6.5 As part of the Invitation to Tender for the ESPO framework, suppliers were asked to submit a percentage value of a customer's contract that they typically deliver as a social value, during the life of the Customer contract.
- 6.6 The contract value banding for the purposes of this call off is £50 - £100k and the percentage applied by Turner & Townsend Consulting Limited is 15%.
- 6.7 This means that, as a result of this contract award, £12,881.85 worth of social value benefits or community benefits will be delivered.

7. Equality and Poverty Impact

- 7.1 The award of the contract pertains to the development of the Heat Network Development Framework, which in turns forms part of the Edinburgh LHEES. One of the core drivers of the Edinburgh LHEES is the national and local target to eradicate fuel poverty. The contract will contribute to this aim by supporting the development of heat networks in Edinburgh as a means of providing households with reasonably-priced clean heat. The contract will therefore also contribute to the Council's wider ambition of ending poverty in Edinburgh.

8. Climate and Nature Emergency Implications

- 8.1 The Council declared a Climate Emergency in 2019 and committed to work towards a target of net zero emissions by 2030 for both city and corporate emissions and embedded this as a core priority of the Council Business Plan 2023-27. The Council also declared a Nature Emergency in 2023.
- 8.2 This work contributes to part of the overall strategy of the Council to deliver a net zero city by 2030. The work relates to Business Plan Priority 3: Work to deliver a net zero city by 2030.
- 8.3 Under the Local Heat and Energy Efficiency Strategies (Scotland) Order 2022, the Council has a legal duty to prepare an LHEES and associated Delivery Plan for Edinburgh. The LHEES is a strategic document that “sets out the long-term plan for decarbonising heat in buildings and improving their energy efficiency across an entire Local Authority area”. The Delivery Plan sets out “how a local authority proposes to support implementation of its [Strategy]”. The LHEES relates to the national targets of achieving net zero carbon status by 2045 and eradicating fuel poverty by 2040.

9. Risk, policy, compliance, governance and community impact

- 9.1 This work requires specialist knowledge not available currently within the Council and is key to delivering both local and national net zero targets. Rejecting this award would risk delay in reaching those targets and also jeopardise the funding that has been awarded on the basis of this work being carried out.

10. Background reading/external references

- 10.1 [Edinburgh Local Heat and Energy Efficiency Strategy and Delivery Plan](#) - report to Policy and Sustainability Committee, 15th December 2023

11. Appendices

- 11.1 Appendix 1 – Tender summary.

Appendix 1 – Tender Summary

Contract	Strategic Heat Network Analysis for Edinburgh	
Contract period (including any extensions)	This is a fixed term contract which will expire upon the conclusion of the brief. The anticipated start date of the contract will be 30 September 2024 and will continue until all the deliverables have been completed which will be no later than the end of February 2025.	
Estimated Contract Value (including extensions)	£85,879	
Procurement Route Chosen	Further Competition utilising the ESPO Consultancy Services Framework 664_21, Lot 8b Environmental and Sustainability	
Tenders Returned	Three	
Name of Recommended Supplier(s)	Turner & Townsend Consulting Limited	
Price / Quality Split	Price 50%	Quality 50%
Evaluation criteria and weightings	It is essential that the quality is of a high standard, therefore the driving factor is quality and to further protect this element a minimum quality threshold of 40% was applied with the Council having discretion to disqualify Consultants who did not achieve this threshold.	
	<p style="text-align: center;">Price</p> <p style="text-align: center;">Pricing Schedule</p> <p style="text-align: center;">Quality</p> <p>Consultant’s Methodology Statement</p> <p>Programme Delivery</p> <p>Project Team</p>	<p style="text-align: center;">50%</p> <p style="text-align: center;">50%</p> <p style="text-align: center;">60%</p> <p style="text-align: center;">20%</p> <p style="text-align: center;">20%</p>
Evaluation Team	Programme Development Officer, Development & Regeneration Energy Officer, Development and Regeneration	
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