

Scottish Procurement: Retrofit & Energy Efficiency Framework Analysis & Recommendations

November 2025



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Introduction and Project Brief

Background

Built Environment – Smarter Transformation (BE-ST) was commissioned by Scottish Enterprise (SE) in December 2024 to undertake a research and analysis project focused on public sector procurement in Scotland. The project aims to identify the predominant procurement frameworks used to deliver retrofit, energy efficiency, and decarbonisation projects and understanding how these frameworks support or inhibit engagement by Scottish suppliers, particularly small and medium-sized enterprises (SMEs).

The primary intent is to uncover barriers, highlight opportunities, and deliver evidence-based recommendations that will help Scottish Enterprise work with procurement frameworks and the retrofit and energy efficiency sector to broaden SME participation, accelerate the decarbonisation of Scotland's built environment, and advance national net-zero targets.

Project Objectives

The project addresses three objectives:

1. Framework Identification - Identify the predominant public procurement frameworks currently active in Scotland that are used to deliver retrofit, energy efficiency, and decarbonisation projects.
2. SME Participation Analysis - Evaluate the level of SME participation across these frameworks and identify key challenges or constraints to broader engagement.
3. Strategic Recommendations - Provide actionable guidance to increase SME participation and improve how procurement frameworks can support local supply chains.

Scope of Work

This study focuses on frameworks used by local authorities and public sector bodies in Scotland. While the emphasis is on frameworks explicitly intended for energy efficiency and retrofit work, the research also considers relevant capital works or multi-purpose frameworks where such activity may be procured indirectly.

Frameworks analysed include:

- Scottish Procurement Alliance (SPA)
- Scotland Excel
- Procurement for Housing (PfH)

Additional frameworks have been reviewed where information was publicly available or provided by framework managers, details of these have been summarised on page 20.

Methodology Overview

Desk-Based Research

A comprehensive literature and data review covering:

- Procurement legislation and frameworks in Scotland
- Framework eligibility, entry requirements, and structure
- Framework visibility, accessibility, and participation levels
- Participating suppliers and service areas included

Stakeholder Engagement

To complement the desk review, we undertook ten in-depth interviews spanning the procurement ecosystem:

- Framework owners (3) – senior managers from framework suppliers, Scotland Excel, Scottish Procurement Alliance, and Fusion 21.
- Suppliers (4) – suppliers that appear on all the frameworks examined, giving us a whole-of-market supplier view.
- Framework customers (2) – instructing officers from two local authorities that regularly call-off from at least one of the frameworks.
- Independent expert (1) – a public-sector procurement specialist who provides cross-framework advisory support.

Although qualitative, this sample was purposively selected to ensure we captured perspectives from high-usage participants.

In parallel, 11 companies not currently listed on any of the frameworks completed an online survey, allowing us to test whether the barriers reported by non-participants differ from those identified by incumbent suppliers.

Collectively, the interviewee and survey cohorts give us insight from both “inside” and “outside” the frameworks, strengthening the validity of our findings.

Engagement methods included:

- Informal interviews
- Online surveys
- Review of procurement documents and framework listings
- Meetings with local authority officers

Data Analysis Techniques

The analysis applied both qualitative and quantitative methods:

- Thematic Analysis - interview transcripts and open-ended survey responses were analysed to identify recurring themes, perceptions, and detailed case examples of barriers and success factors.
- Quantitative Analysis - survey responses and numerical data from publicly available framework documentation were analysed statistically, providing details on the lots and types of companies participating. These companies were cross referenced with the retrofit and energy efficiency companies database to analyse the companies for size (employees) and location.

Purpose and Intended Use

This report provides a strategic evidence base for Scottish Enterprise to:

- Strengthen support for local supply chains by Scottish Enterprise and other agencies.
- Improve SME engagement with public sector procurement opportunities by mapping the 'procurement landscape' and providing recommendations.
- Inform future policy and programme interventions in support of Net Zero and LHEES delivery.

Glossary of terms

| Term | Plain-English definition |
|-----------------------------------|--|
| Framework / Framework agreement | A pre-tendered contract with one or more suppliers that sets fixed terms (price, scope, conditions) so buyers can place future orders, called <i>call-offs</i> , without rerunning a full tender. |
| Lot | A subdivision of a framework - often by region, value band or workstream— that lets buyers invite only the suppliers approved for that portion. Example: SPA N9 has “four primary lots and 28 sub-lots”. |
| Call-off (call-off contract) | The individual contract a buyer awards under a framework, drawing down the agreed terms of that framework. No new OJEU/FTS tender is required. |
| Direct award | Call-off route where a single supplier on the lot is appointed directly using pre-set criteria (e.g. ranked scores or fixed prices). |
| Mini-competition | A further competition run between all suppliers on the relevant lot to refine prices or method statements for a specific project. |
| Desktop evaluation | Light-touch call-off where the buyer scores existing framework rates/quality submissions - suppliers do not re-bid. |
| Public Contracts Scotland (PCS) | Scotland’s national e-tender portal. All regulated procurements and contract notices/award notices must be published here; PCS also links to the UK’s Find a Tender Service for high-value tenders. |
| Regulated procurement | Scottish term for contracts valued \geq £50 k (goods/services) or \geq £2 m (works). Must be advertised on PCS and comply with sustainable procurement, community-benefit, and Fair Work duties. |
| Contract Notice | Formal advertisement on PCS (and FTS if over UK thresholds) announcing a new tender or framework opportunity. |
| Contract Award Notice (CAN) | Notice published after contract award summarising the winner, value, and key terms, ensuring transparency. |
| Find a Tender Service (FTS) | UK-wide portal that replaced OJEU for high-value procurements post-Brexit; PCS automatically forwards Scottish notices that exceed UK thresholds to FTS. |
| National Framework Provider | Organisation (e.g., Scotland Excel, SPA, PfH) that sets up and manages frameworks on behalf of multiple public-sector bodies. |
| Procurement threshold | Monetary value that dictates which set of procurement rules apply (basic transparency, regulated procurement or full formal procedure). Current Scottish thresholds are £12k/£30k, £50k, £2 m, £138,760/£213,477 and £5.37 m depending on contract type and authority. |
| Single Procurement Document (SPD) | Standard self-declaration form suppliers complete to confirm suitability and compliance when bidding for Scottish public contracts or frameworks. |

| | |
|--|---|
| PIN (Prior Information Notice) | An early-market alert published on Public Contracts Scotland (and forwarded to the UK Find a Tender Service for high-value projects) to signal that a contracting authority intends to procure certain goods, services or works in the future. A PIN can help suppliers plan resources and, if used as a “call for competition,” may also shorten the minimum tender timescales |
| Dynamic Purchasing System (DPS) | An entirely electronic procurement tool for commonly used goods, works or services, open to new suppliers at any time during its life. |

Context of procurement in Scotland

Procurement Legislative Overview

Procurement must adhere to core principles that underpin UK public policy, namely transparency, equal treatment, non-discrimination, proportionality, and competition. These principles are designed to maintain an open and fair marketplace, ensuring all suppliers have a reasonable opportunity to compete for public contracts.

Public sector procurement in Scotland and across the UK is governed by a comprehensive legal framework designed to ensure transparency, fairness, and value for money in the expenditure of public funds. The regulatory landscape is shaped primarily by the [Public Contracts Regulations 2015](#), (for use in England, Wales, and Northern Ireland) and in Scotland the [Public Contracts \(Scotland\) Regulations 2015](#) which forms the legal foundation for procurement in Scotland and mirror the broader UK legal framework.

These regulations, alongside the [Utilities Contracts Regulations 2016](#), [Concession Contracts Regulations 2016](#), and the [Defence and Security Public Contracts Regulations 2011](#), set out the rules that public authorities must follow when procuring goods, services, or works. These rules apply to a wide range of public bodies including central government departments, local authorities, NHS bodies, housing associations, and education institutions.

Procurement Thresholds

The regulations establish thresholds above which procurement procedures become subject to regulatory compliance and must follow a defined formal procurement process.

The thresholds apply to contracting authorities in Scotland, such as local authorities, health boards, universities, housing associations (when in scope), and central government bodies. The regulations distinguish between different types of procurements (goods, services, works) and between central government authorities and sub-central authorities, with lower thresholds generally applying to central government.

Procurement thresholds (effective January 2024)

| Contract type | Sub-central bodies | | |
|-------------------------------|--------------------|--|--|
| | Central Government | (Local authorities, health boards, universities, housing associations) | Publication trigger in Scotland |
| Goods & services | £138,760 + | £213,477 + | £50,000 + (regulated procurement – publish on Public Contracts Scotland) |
| Works (construction / civils) | £5,372,609 + | £5,372,609 + | £2 million + (regulated procurement – publish on PCS) |
| Low-value transparency | £12,000 + | £30,000 + | Must advertise on Contracts Finder / PCS |

Figure 1.

Key points on procurement thresholds

- Full formal procedure – the EU-style process (advertised competition, stand-still period, etc.) applies once contract values reach £138,760 (central bodies) or £213,477 (sub-central bodies) for goods / services, and £5.37 million for works.
- Scottish “regulated procurement” tier – any contract worth £50 k+ (goods / services) or £2 m+ (works) must be published on Public Contracts Scotland (PCS) and meet Scottish policy duties on sustainability, community benefit, and Fair Work. These thresholds sit well below the UK-wide advertising limits.
- Basic transparency duty – awards of £12 k+ (central) or £30 k+ (sub-central) must still appear on PCS / Contracts Finder, even though the full procedure does not apply.
- Good practice below thresholds – buyers are encouraged to post smaller opportunities on PCS, break contracts into SME-sized lots, and avoid disproportionate turnover or insurance requirements to keep the market open to SMEs, voluntary bodies, and local firms.

Public Contracts Scotland (PCS)

<https://www.publiccontractsscotland.gov.uk/>

Contracting authorities are required to advertise all regulated procurement exercises through an accessible and transparent platform, this function in Scotland is fulfilled by PCS, a national advertising portal for public sector procurement opportunities in Scotland and plays a central role in the procurement landscape, both as a practical tool and as a mechanism for ensuring compliance with UK and Scottish procurement legislation. PCS is the principal means by which procurement activities are advertised and managed, serving both regulatory and strategic functions.

PCS fulfils this requirement by providing a single, free-to-access online portal where public bodies must publish contract notices, prior information notices, contract award notices, and where appropriate, invitations to tender. For contracts above specific thresholds, PCS also integrates with the UK's Find a Tender Service (FTS), ensuring compliance with the requirement to advertise high-value procurements at a national level following the UK's departure from the European Union.

Beyond advertising, PCS also supports the administrative and strategic functions of procurement. It enables electronic submission of tenders, communication with bidders, and the management of procurement documentation in a compliant and efficient manner. The system is designed to standardise procurement processes, support auditability, and reduce administrative burden.

Although a statutory requirement and useful tool for public sector clients in administering procurement activities, PCS is viewed by some suppliers as being a barrier to accessing public sector works due to the size and complexity of the interface. Much of public sector procurement relies on a comprehensive understanding of how to navigate and use the platform to identify and bid for opportunities which can be a barrier for some. The volume of work and information hosted on the platform can make it difficult to filter and search for specific opportunities or to obtain specific detail on a particular organisation or contract work.

Support resources

- If you are a Scottish SME or third sector organisation interested in working with the public sector, the [Supplier Development Programme](#) can assist offering expert training, support and information to help you win work and grow your business at no cost.
- Details of the Procurement Journey can be found [here](#).
- Details of the Supplier Journey can be found [here](#).

Procurement Routes

Framework agreements offer public-sector buyers a ready-made, fully compliant route to market. Because the framework itself has already been competitively tendered in line with Scottish procurement regulations, any subsequent call-off made under that framework can be placed without rerunning the full open-market procedure. Buyers still enjoy transparency and competition - every approved supplier on the lot can be considered - but avoid the time and cost of launching a fresh tender.

Each framework sets out the call-off mechanisms available. Typically, these include:

- Direct award – a single supplier is appointed based on pre-set ranking or objectively measurable criteria.
- Mini-competition – approved suppliers on the lot re-bid against a refined specification to secure the call-off.
- Desktop evaluation – the buyer scores existing framework rates/service statements against the requirement without asking suppliers to resubmit.
- Contracting authorities choose the most appropriate route - subject to any value caps, scope limits or policy rules written into the framework, and must still follow their own standing orders.

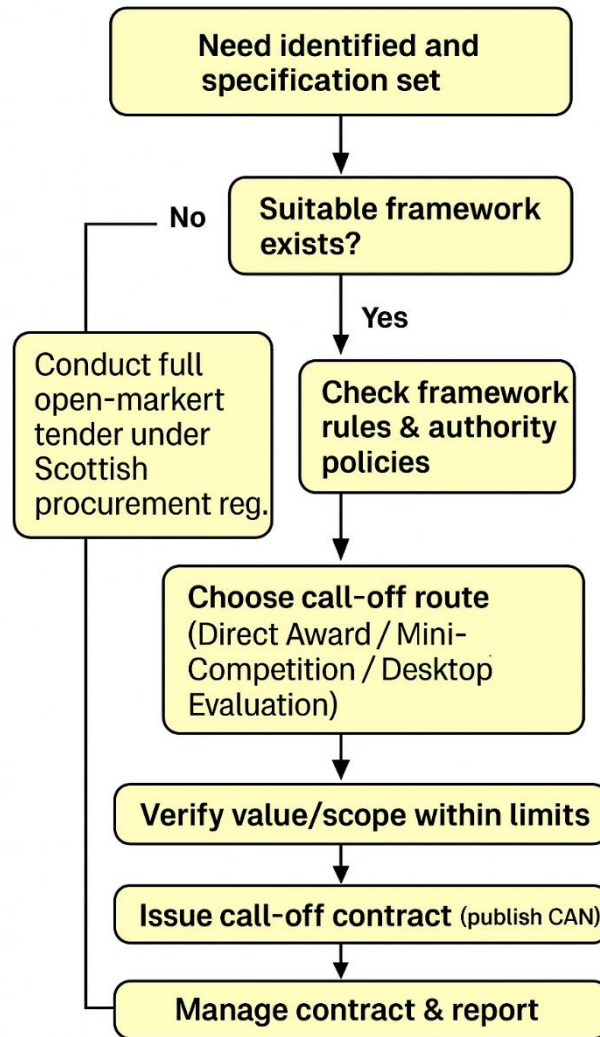


Figure 2.

Key take-aways

- Compliance shortcut - call-offs inherit the legal compliance of the parent framework, removing the need for a full OJEU-style tender each time.
- Time and cost savings - buyers bypass advertising, pre-qualification, and stand-still stages, accelerating delivery while reducing in-house procurement workload.
- Maintained competition - mini-competitions or desktop evaluations keep price-pressure and quality benchmarking alive within the supplier panel.
- Built-in policy alignment - Scottish policy duties (sustainability, community benefit, Fair Work) are baked into the framework, so every call-off automatically meets them.
- Flexibility for buyers - authorities can select the call-off route that best fits contract value, urgency, and market conditions - provided they stay within the framework’s rules.

- Increased cost certainty for budget setting activities as prices are set and held under the framework with an allowance for annualise price refresh to allow suppliers the opportunity to reflect inflationary increases or to submit more competitive prices.

Framework Access and Visibility

The research found that there is no centralised resource listing all available procurement frameworks; information about procurement activities and resources is fragmented across organisations making it a difficult to navigate landscape.

Framework accessibility varies across organisation, many frameworks offer a reciprocal service to a wider array of public sector bodies, or a subset thereof, for example educational institutes such as universities have access to a range of sector specific frameworks, via the Advanced Procurement for Universities and Colleges (APUC), as well as to frameworks (such as those discussed within the report) which service local authorities, and then in turn local authorities and other public bodies are then also able to access the universities frameworks. However, not all frameworks utilised by the public sector are open to all public bodies, the terms and conditions of each framework dictates which organisations may make use of it.

Access to certain Frameworks may often be restricted to specific organisations, this would be specified within a “Buyer's guide,” which contain key information about the terms and conditions which govern the use of the framework. However, these guides are not always publicly available and can at times be held within the procurement department of local authorities and public sector bodies, and not readily available to the end user or instructing department. This can create confusion or a lack of clarity amongst contracting bodies as to their options with regards to routes to market.

Individual organisations may have their own frameworks which are difficult to identify out with their advertised cycle and may not have any publicly accessible information, making them difficult to track or identify. As such suppliers may lack visibility of existing frameworks or future framework opportunities and therefore be unable to bid when advertised as they may not have had appropriate notice to adequately prepare or resource the bidding process.

Framework Agreements

Many frameworks are structured to promote access for small and medium-sized enterprises (SMEs), using lots, regional coverage, and proportionate financial thresholds.

This aligns with the broader aims of the Procurement Reform (Scotland) Act 2014, which emphasises sustainable procurement and inclusive economic growth. Frameworks often include community benefit requirements and mechanisms for delivering social value, thereby supporting local economic development, and contributing to wider government policy objectives such as fair work, carbon reduction, and skills development.

Framework Limitations

- Generic pricing in frameworks may not fit specific project needs
- Frameworks must accommodate large projects, can be unsuitable for smaller works
- New frameworks emerging with geographic/value bands to address this

National Framework Providers

A National Framework Provider is an organisation that develops and manages pre-tendered procurement frameworks for use by public sector bodies. These frameworks allow buyers - such as local authorities or housing associations - to procure goods, works, or services (e.g. retrofit and energy efficiency) from pre-qualified suppliers without running a full tender process. Providers ensure compliance with procurement regulations by assessing suppliers on technical, financial, and social value criteria during the framework's creation.

The three frameworks that we focus on in this report are Scotland Excel, Scottish Procurement Alliance (SPA), and Procurement for Housing (PfH).

These frameworks are initially advertised through Public Contracts Scotland (PCS) ensuring transparency and legal compliance. PCS acts as the official platform where all regulated tenders, including new frameworks, must be published. Once a framework is in place, public sector buyers can directly access it via the provider. Individual contracts under the framework do not need to be re-advertised on PCS.

These frameworks provide public sector clients with pre-qualified suppliers, significantly reducing the administrative burden, legal complexity, and time associated with independently procuring works.

Framework providers centrally manage essential procurement documentation and audit trails - including contract notices, evaluation reports, and award notices - which strengthens transparency, accountability, and compliance with public procurement legislation. This oversight helps minimise the risk of procedural errors and ensures that public funds are spent in a way that is open to scrutiny.

For local authorities, one of the primary advantages of utilising a framework is access to a fully compliant route to market. Although the terminology has evolved following the UK's departure from the European Union (moving from OJEU to the Find a Tender Service (FTS)), the principle remains the same: frameworks provide a streamlined, legally compliant procurement pathway. Instead of running independent and often resource-intensive tenders, authorities can call off directly from a framework, saving time, reducing costs, and ensuring value for money.

This efficiency is particularly important in supporting the timely delivery of local energy efficiency and decarbonisation strategies, helping local authorities meet Net Zero targets

under increasing regulatory and policy pressures.

Link between National Framework Providers and PCS

Diagram of process for setting new frameworks and relationship between PCS and Framework Providers

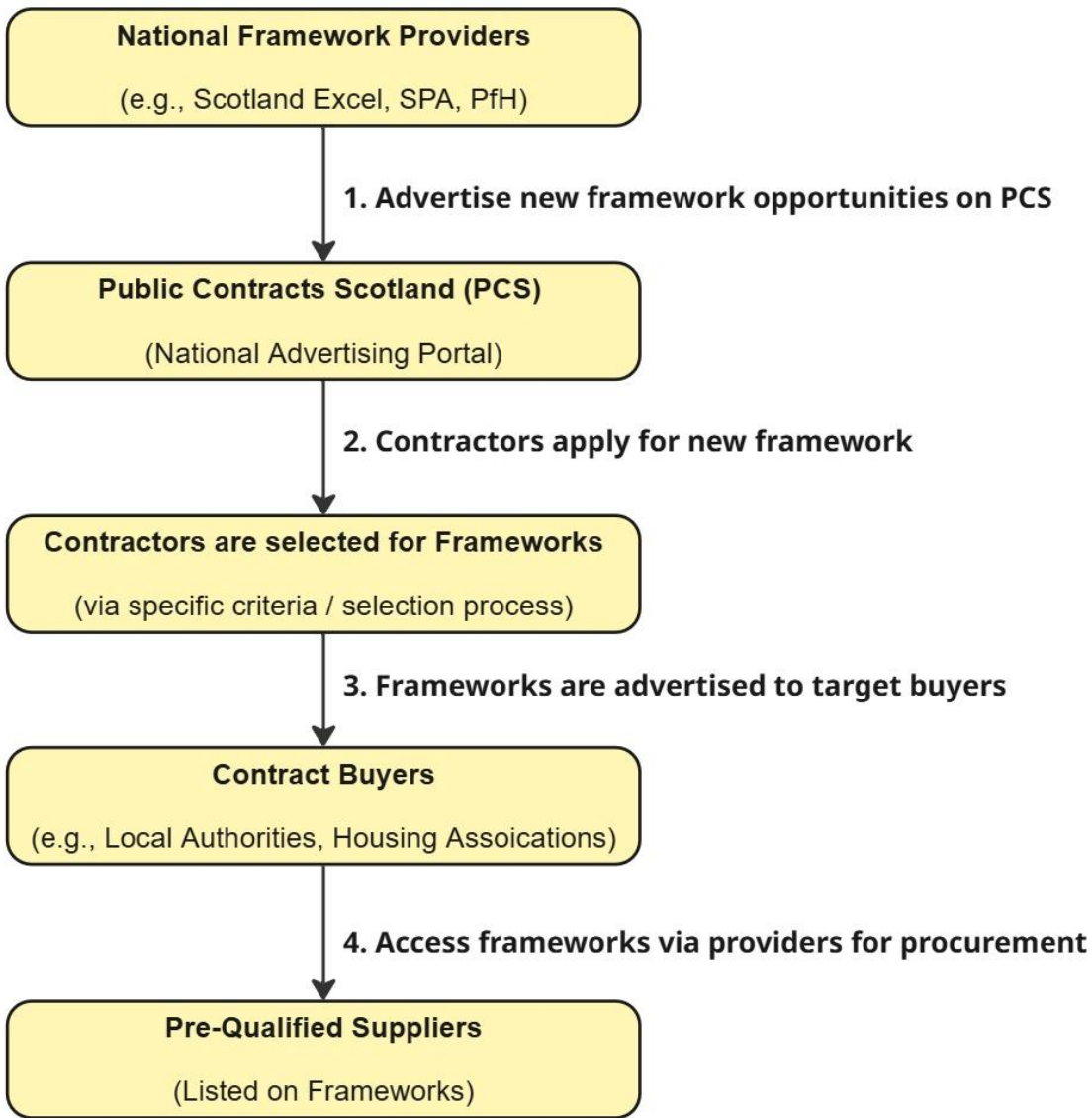


Figure 3.

Existing Procurement Frameworks

Introduction

This section focuses on the three predominant procurement frameworks commonly used by public sector organisations in Scotland to deliver retrofit, energy efficiency, and decarbonisation projects: **Scotland Excel, the Scottish Procurement Alliance (SPA), and Procurement for Housing (PfH).**

Why this study focuses on Scotland Excel, SPA and PfH

- Sector relevance - all three frameworks include dedicated lots for retrofit, energy-and efficiency works, making them directly relevant to Scotland's net-zero retrofit agenda.
- Scale of public spend - together they capture most of the Scottish public-sector expenditure on housing and non-domestic energy upgrades.
- National reach with local call-offs - each provider lets public bodies place direct awards or mini-competitions anywhere in Scotland, giving a clear view of how nationwide frameworks drive local delivery.
- Diverse operating models - Scotland Excel (local-authority owned), SPA (consortium of public bodies) and PfH (sector-specific buying club) represent the three main governance types - allowing comparison of different approaches.
- Rich, publicly available supplier data - all three publish full supplier, lot, and work-stream lists, enabling quantitative analysis of company size, regional spread, and lot participation.
- Stakeholder familiarity - interviewed councils, housing associations and contractors uniformly cited at least one of these frameworks as their primary procurement route.
- Upcoming re-lets - each framework faces renewal within the next 24–36 months, so findings can feed directly into live redesign discussions.

Each has been developed to support compliant, efficient procurement of complex works and services, and includes mechanisms intended to encourage SME participation, regional delivery, and alignment with national policy priorities.

While these three frameworks are the core focus of this report, it is important to clarify the scope and limitations of the analysis. This report examines only a subset of the frameworks available to the market — specifically those that:

1. Were identified as the three predominant services utilised by public sector clients during project scoping.
2. Contain publicly accessible information to enable meaningful analysis.

- 3. Are available to public and third sector bodies (e.g. local authorities, housing associations, NHS).
- 4. Are not exclusive to a single organisation (e.g. university-specific frameworks) or closed consortium arrangements (e.g. iFLAIR).

The report does not cover private, commercial, or internal frameworks that are not openly accessible to the wider public sector.

Framework summary table

| Feature | Scotland Excel | Scottish Procurement Alliance (SPA) | Procurement for Housing (PfH) |
|--|---|---|--|
| Framework Type | Public sector collaborative procurement hub | Not-for-profit public sector procurement consortium | Procurement consortium focused on housing providers |
| Primary Users | Scottish local authorities, housing associations | Local authorities, housing associations, NHS, emergency services, education | Housing associations, registered social landlords |
| Geographic Scope | Scotland-wide | Scotland-wide (regional delivery supported) | UK-wide (Scotland-specific lots included) |
| Relevant Framework | Energy Efficiency Contractors Framework | Decarbonisation Framework (N9) | Decarbonisation and Retrofit Framework |
| Relevant Focus Areas | Retrofit, insulation, energy efficiency, decarbonisation, professional services | Retrofit, clean heat, decarbonisation, energy planning, PAS 2035/2038 consultancy | Whole building retrofit (housing focus), insulation, heating, renewables |
| Procurement Route | Call-off via direct award or mini-competition | Call-off via mini-competition or direct award | Call-off via direct award, mini-competition, or tiered partnership |
| Alignment with Net Zero & LHEES | Supports Energy Efficient Scotland and fuel poverty reduction | Aligned with Heat in Buildings Strategy and Scottish policy | Supports decarbonisation of housing stock |

Figure 4.

Scotland Excel – Framework Summary

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

Scotland Excel is the national procurement centre of excellence for Scotland's local government sector and acts as a collaborative purchasing hub for councils and other public bodies. Its Energy Efficiency Contractors Framework, currently in its second iteration (2022–2026), is specifically designed to support the delivery of retrofit, energy efficiency, and decarbonisation programmes in alignment with Scotland's Net Zero targets.

This framework supports local authorities in procuring a wide range of measures including insulation, low-carbon heating systems, renewable energy technologies, and professional services such as energy assessors, coordinators, and managing agents. The framework is structured into four primary lots and 28 sub-lots, allowing buyers to select specialist contractors and service providers tailored to specific workstreams and asset types.

A key strength of the Scotland Excel framework is its focus on enabling SME participation, with many appointed suppliers being Scottish-based SMEs. The use of regional lots and proportionate entry requirements helps address common barriers such as scale, capacity, and pre-qualification burdens. This supports Scottish Enterprise's goal of strengthening the local supply chain and increasing the visibility of procurement opportunities.

The framework also places a strong emphasis on social value, including apprenticeships, local job creation, and skills development — aligning with broader government objectives on fair work and inclusive growth.

Contracting authorities benefit from pre-compliant procurement routes via direct award or mini-competitions, reducing the legal and administrative burden of project delivery while ensuring adherence to the Public Contracts (Scotland) Regulations.

By providing a streamlined, scalable, and policy-aligned procurement route, the Scotland Excel framework plays a critical role in supporting public sector clients to implement Local Heat and Energy Efficiency Strategies (LHEES) and accelerate progress towards Net Zero objectives. It also serves as a replicable model for integrating economic development with public sector procurement.

A full overview of the available lots is available in the appendix.

Scottish Procurement Alliance (SPA) – Framework Summary

<https://www.scottishprocurement.scot/frameworks/energy-efficiency/retrofit-and-decarbonisation-n9/>

The Scottish Procurement Alliance (SPA) is a not-for-profit procurement body that provides publicly accessible frameworks for a wide range of public sector organisations across Scotland. Retrofit and Decarbonisation Framework (N9), launched in 2023 and valued at

£120 million over four years, is one of the most comprehensive frameworks currently available to support Scotland's public sector transition to Net Zero.

Building on the previous N8 framework, N9 offers public sector bodies – including local authorities, housing associations, NHS boards, and education institutions – a compliant, efficient, and scalable route to procure retrofit, energy efficiency, and decarbonisation works.

The framework covers a broad spectrum of building typologies, including domestic properties, schools, hospitals, and community facilities. It is intentionally structured to promote inclusive access, particularly for SMEs, with workstreams subdivided by geographic region and contract value band. This design enables both national and regional suppliers to participate, encouraging local supply chain growth and inward investment.

SPA's N9 framework aligns closely with national policy priorities, including the Heat in Buildings Strategy and the proposed Heat in Buildings Bill. It supports the strategic implementation of Local Heat and Energy Efficiency Strategies (LHEES) by providing access to multidisciplinary services such as consultancy, insulation, clean heat systems, and renewables.

Over 130 public sector organisations currently use SPA frameworks. Suppliers are evaluated on their ability to deliver within specific regions across Scotland, enabling local authorities to engage contractors with relevant local experience and operational capacity. This regionalisation helps ensure delivery models are tailored to local conditions and that economic benefits are retained within communities.

Through its flexibility, scale, and clear alignment with Net Zero policy, the N9 framework plays a pivotal role in facilitating decarbonisation activity across Scotland. It supports Scottish Enterprise's objectives by strengthening Scottish supply chains, broadening SME access to public sector procurement, and enabling more responsive local authority delivery of energy-related capital programmes.

Procurement for Housing (PfH) – Framework Summary

<https://pfhscotland.co.uk/decarbonisation-retrofit/>

Procurement for Housing (PfH) is a specialist procurement consortium that serves housing providers across the UK, with a strong focus on supporting social landlords in achieving Net Zero and improving energy performance in housing stock. Its Decarbonisation and Retrofit Framework provide a structured and compliant route to market for delivering retrofit, energy efficiency, and low-carbon heating measures.

PfH's framework is tailored to the needs of Registered Social Landlords (RSLs) and housing associations, with a lot structure that includes whole house retrofit, insulation upgrades, heating system replacement, renewable energy installations, and ventilation

improvements. The framework is available for use by housing providers in Scotland, with regionally defined service areas.

The framework allows for direct appointments and mini-competitions, making it accessible to organisations of assorted sizes. Opportunities exist for smaller contractors to be appointed directly or to engage as part of wider delivery teams, facilitating consortium and subcontracting approaches.

The framework aligns with Scotland's Net Zero targets by supporting interventions that reduce carbon emissions and improve the energy performance of homes. It also contributes to fuel poverty reduction, a key driver for local authorities and housing providers.

PfH encourages social value delivery, with contractors expected to contribute to community benefits, local employment, and skills development. Its structure and scope support long-term investment in local supply chains, which aligns with Scottish Enterprise's objectives to strengthen Scottish-based delivery capacity.

In summary, PfH's framework offers a focused, flexible procurement route for housing providers seeking to invest in sustainable, low-carbon retrofit and energy efficiency projects across Scotland.

Additional Frameworks

Below is a non-exhaustive list of other procurement frameworks for energy efficiency and retrofit projects, available to public sector bodies in Scotland.

Scottish Procurement Alliance (SPA) – Refurbishment and Associated Retrofit Works Framework (RM3)

Dates: 1st March 2024 to 29th February 2028

This framework provides public sector organisations with an efficient, value for money procurement route to deliver important refurbishment, improvement and modernisation projects that ensure their buildings are well maintained and improves the lives of tenants and occupants within them.

<https://www.scottishprocurement.scot/frameworks/construction-extension-and-refurbishment/refurbishment-modernisation-rm3/>

Scottish Government – Non-Domestic Energy Efficiency (NDEE) Frameworks

The NDEE frameworks provide routes to deliver energy efficiency upgrades in public sector non-domestic buildings through Energy Performance Contracts (EnPCs).

The Non-Domestic Energy Efficiency (NDEE) expired on 31 March 2024. The Scottish Procurement and Property Directorate are currently working on the re-procurement of this

framework. The re-procurement is currently underway with the current framework being reviewed to ensure that the future framework will align with current Scottish Government Policy and industry best practices. Anticipated contract award Monday 29th September 2025.

<https://www.gov.scot/publications/non-domestic-energy-efficiency-procurement-framework-buyers-guide/>

Prosper – Decarbonisation Retrofit Framework (Scotland Accessible)

15 August 2022 – 15 August 2024 with 2 x 12-month options to extend.

While national in scope, this framework is accessible to Scottish public sector bodies for the delivery of decarbonisation retrofit programmes.

Scope includes:

- Whole-building energy assessments
- Retrofit coordination and project delivery
- Insulation, renewable technologies, and EV infrastructure
- Supports projects funded through Social Housing Decarbonisation Fund (SHDF) and ECO4

<https://prosper.uk.com/our-solutions/decarbonisation-retrofit-framework-including-refurbishment-works/>

Crown Commercial Service (CCS) Frameworks

Although UK-wide, CCS frameworks are available to Scottish public bodies for procuring works and services related to energy efficiency, refurbishment, and decarbonisation.

Relevant frameworks include:

- [Heat Networks and Energy Generation Assets \(HELGA\)](#)
- [Demand Management and Renewables \(RM6313\)](#)
- [Construction Works and Associated Services \(RM6088\)](#)
- [Facilities Management & Workplace Services \(RM6232\)](#)

Fusion 21 – Decarbonisation Framework

April 2025 – April 2029

The Fusion21 Decarbonisation Framework is a £1.5 billion, four-year procurement initiative launched in April 2025 to assist UK public sector organisations in achieving net-zero carbon targets through energy efficiency and retrofit projects. It offers a compliant route to

procure a wide range of decarbonisation works and services, with a focus on both domestic and non-domestic buildings. Provides geographical coverage across the UK down to a regional and local level.

- [Lot 1 – Whole House Decarbonisation](#)
- Lot 2 – Decarbonisation of Public & Educational Buildings

Greener Futures Partnership – Decarbonisation Delivery Framework for Scotland

Summer 2023 – Summer 2027

GFP, comprises Abri, Anchor, Home Group, Hyde, and Sanctuary – five of the largest housing associations in the UK.

The Decarbonisation Delivery Framework for Scotland is open to all RSLs in Scotland. The Framework is being created to support GFP and Authorised Users to achieve the targets set out in the Climate Change (Scotland) act 2009 and Climate Change (Emissions Reduction Targets) (Scotland) Act 2019 set targets to reduce Scotland's emissions of all greenhouse gases to net-zero by 2045 at the latest.

<https://www.abri.co.uk/media-hub/greener-futures-partnership-unveils-15bn-retrofit-procurement-framework>

The Hub Development Framework

The Hub Development Framework in Scotland is a long-term public-private partnership model designed to deliver community infrastructure projects such as schools, health centres, and public buildings. It operates through five regional hubCos (hub companies), each jointly owned by the private sector and public sector bodies in their region. These hubs provide a collaborative procurement route for delivering new-build and refurbishment projects, often incorporating energy efficiency and sustainability measures. The framework is managed by Scottish Futures Trust and is intended to improve value for money, efficiency, and local economic impact.

- hub North – <https://www.hubnorthscotland.co.uk/>
- hub East Central – <https://www.hubeastcentralscotland.co.uk/>
- hub South East – <https://www.hubsoutheastscotland.co.uk/>
- hub South West – <https://hubsouthwestscotland.co.uk/>
- hub West – <https://hubwestscotland.co.uk/>

It should be noted that Local Authorities, RSL's and other public institutions have access to a wide range of reciprocal Frameworks both at organisational and broader public sector

level, the extent and reach of these would be difficult to quantify and sits out with the scope of this research.

Framework Capability Assessment and Gap Analysis

Scottish Capabilities Overview

Scotland is home to a diverse and technically capable supply chain of businesses operating in retrofit, energy efficiency, and decarbonisation. These include a wide range of contractors, consultants, and technology providers with experience in delivering low-carbon solutions across housing and public sector estates.

To unlock Scotland's full delivery capacity, frameworks must evolve to reflect the actual shape of the retrofit and energy efficiency sector – ensuring that structures, support tools, and eligibility criteria enable greater participation from micro and small businesses across all regions. Many of the firms working within retrofit and energy efficiency are part of the construction sector, which is predominantly made up of Small and Medium-sized Enterprises (SMEs), which account for over 98% of all construction businesses in Scotland. More specifically:

- Micro businesses (0–9 employees): ~81%
- Small businesses (10–49 employees): ~17%
- Medium-sized businesses (50–249 employees): ~2%¹

While frameworks often state they are designed to support SMEs, this broad classification obscures a critical reality: most Scottish construction firms are micro businesses, with limited capacity to engage in complex procurement processes. Consequently, although frameworks may appear SME-friendly on paper, in practice they tend to favour larger firms within the SME definition – those more likely to have bid writing support, accreditations, and capacity to deliver multi-year contracts.

Nevertheless, many Scottish SMEs exhibit strong technical capabilities, especially in areas like fabric-first retrofits, clean heating systems, PAS 2035/2038 compliance, and community-based delivery. Some survey and interview respondents reported securing between 60% and 85% of their turnover via frameworks. However, many others remain excluded or underrepresented, particularly in rural and island areas or in newer, innovative sectors of the supply chain.

Overall, Scotland possesses a capable but constrained supply chain for energy-related public procurement. Addressing structural barriers and improving framework participation conditions for SMEs will be essential to achieving greater Scottish content in public sector retrofit and decarbonisation programmes.

¹ Scottish Government (2023). Business in Scotland 2023. <https://www.gov.scot/publications/business-in-scotland-2023/>

Analysis of Framework Gaps

While national frameworks have evolved to offer improved structure, compliance, and strategic reach, key gaps persist in their ability to inclusively support Scotland’s diverse retrofit and decarbonisation supply chain – particularly the large base of micro and small enterprises.

The analysis that follows draws on all publicly available data describing how each framework subdivides its lots and work-streams by value band and geography. While additional sub-lots may exist within PfH and Scotland Excel that are not visible in the published material, the contractor list itself is definitive; future updates to lot structure would therefore refine the breakdowns presented here without altering the total number of suppliers.

Headline metrics at a glance

| Framework | Spaces (lots × work-streams) | Distinct suppliers | Single-lot share |
|--|------------------------------|--------------------|------------------|
| PfH – Decarb & Retrofit | 19 | 16 | 62% |
| Scotland Excel – Energy Efficiency Contractors | 82 | 45 | 60% |
| SPA – N9 Retrofit & Decarbonisation | 168 | 42 | 41% |
| Combined | 269 | 80 | 52% |

Figure 5.

High Concentration of Suppliers

Framework providers define the number of spaces available per lot, generally between 8 and 12, limiting the number of spaces to;

- ensure a commercially attractive proposition for suppliers bidding to get on to the framework
- limit the administrative burden of ongoing management for the framework
- limit the administrative and cost burden on customers for mini-competitions

For the purposes of this report and to demonstrate the subdivision of work packages, across lots and workstreams across the 3 frameworks analysed we have subdivided suppliers by their respective presence/representation based on the number of works

packages they can provide. This naming convention is unique to this section of the report only, the four categories identified are;

- Single Lot Supplier (1-2 spaces occupied)
- Multi-Lot Supplier (3-5 spaces occupied)
- Broad portfolio Suppliers (6-10 spaces occupied)
- Multi-Framework Major Supplier (>10 spaces occupied)

Analysis shows that a small number of large firms appear across multiple regions and workstreams, dominating participation in both SPA and Scotland Excel frameworks. This means that there is a limited number of suppliers in Scotland represented on the frameworks, likely due to lack of supply chain development in these areas.

- 80 companies populate the 269 framework spaces.
- Ten suppliers occupy 67 spaces (25 %)
- 38 companies appear on only 1 sub-lot/workstream,
- Procast Building Contracts and Sureserve Energy Services appear on 21 work-streams each.
- Within SPA, the top five suppliers command 39 % of capacity.
- the mean number of workstreams provided by suppliers featured across these Frameworks is 3, although this does not necessarily mean suppliers feature on all the frameworks, they may feature on only 1, delivering multiple workstreams within an individual framework.

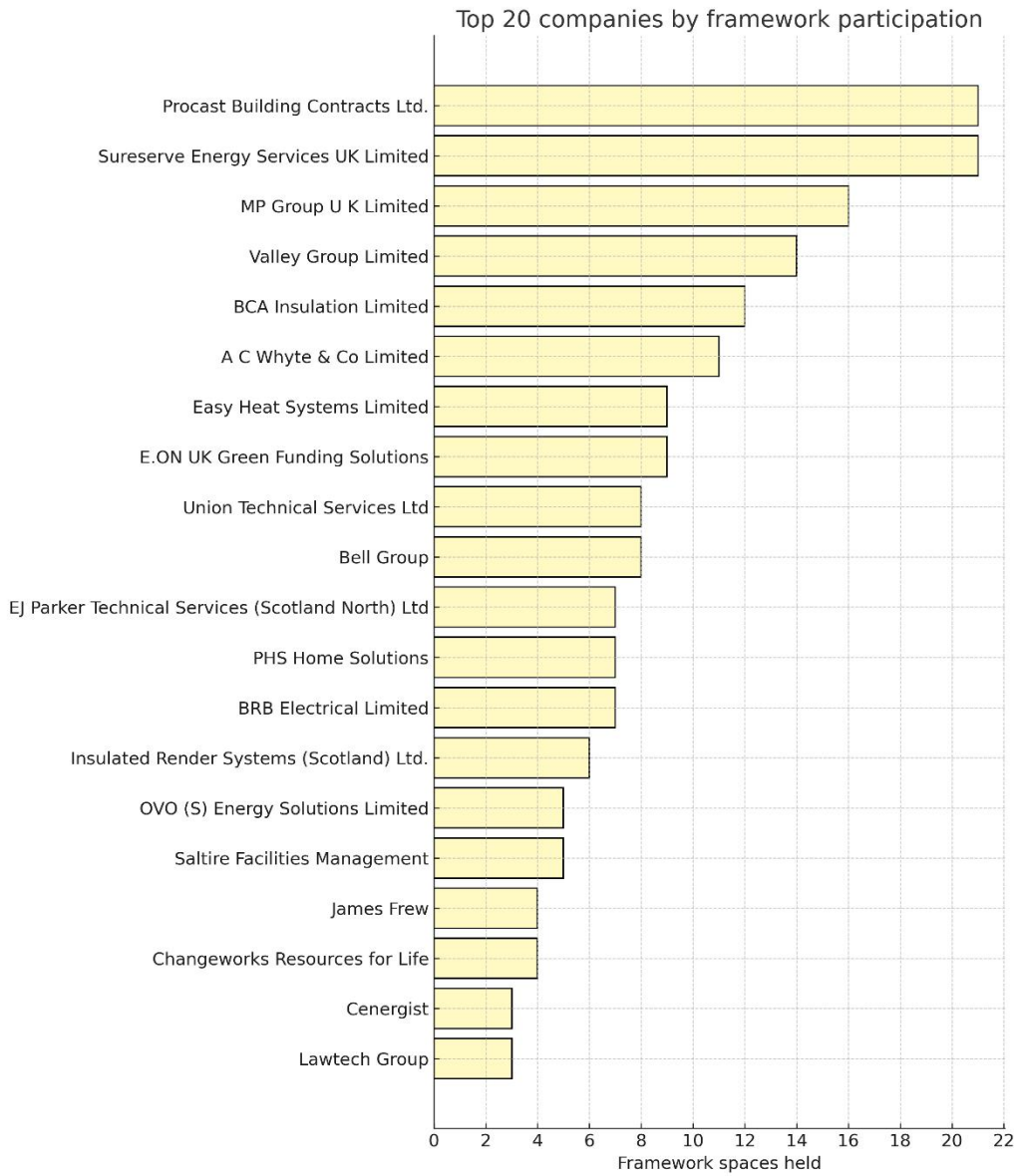


Figure 6.

The first two bars represent Procast and Sureserve, each occupying on 21 of the available spaces, this illustrates the depth of resource and service provided by these suppliers, as well as the significant market share each enjoys across lots and regions.

Such concentration of suppliers could limit opportunities for regional contractors and emerging providers and may reduce the policy leverage frameworks are meant to offer. This raises risks around:

- Market concentration
- Reduced local competition
- Vulnerability if lead suppliers underperform

Distribution of lots across companies within each framework.

| Framework | Single-lot (1-2) | Multi-Lot (3-5) | Broad-portfolio (6-10) | Multi-framework major (> 10) | What it means |
|---------------------------------------|---------------------|--------------------|---------------------------|---------------------------------|--|
| PfH (19 spaces) | 10 | 2 | 3 | 1 | A small roster dominated by firms on just one work-stream. Good entry point for newcomers, but resilience is low if the single major (11 % of capacity) exits. |
| Scotland Excel (82 spaces) | 27 | 7 | 5 | 6 | Largest framework heavily weighted to Single-lot suppliers. Six “majors” control a quarter of its spaces; good scope to nudge Single-lot firms into Focused/Broad tiers. |
| SPA N9 (168 spaces) | 17 | 11 | 8 | 6 | The most even spread across the four bands - but also the highest absolute number of Broad-portfolio and Major players. Risk of over-concentration if any of the six majors under-perform. |

Figure 7.

Risk – High concentration weakens price tension, reduces innovation, and creates single-point-of-failure exposure if a dominant contractor under-performs. The forthcoming refresh of the Scotland Excel framework in 2026 offers a window of opportunity to trial a “max-lots-per-supplier” cap or to introduce rolling refreshes, as well as introduction of further geographic and value banding subdivision.

Analysis:

- Healthy entry - weak progression - across all frameworks 53 companies are still Single-lot, yet only 13 have progressed to Focused participation (services provided across 3-5 lots). Bid-writing and accreditation support should target these 53 firms first: each additional space they secure dilutes concentration.
- Concentration pinch points - the 12 “multi-framework majors” (six in Scotland Excel, six in SPA) occupy 13 % of all spaces. Introducing a cap (e.g. ≤ 10 % of spaces per supplier) or reserving micro-lots for new entrants at re-let would rebalance exposure.
- Framework-specific suggestions for improving participation.
 - PfH – add two more supplier places (rising to 10 % Single-lot share) to boost resilience.

- Scotland Excel – create Focused-tier coaching for the seven suppliers already on 3–5 spaces so they can expand without crowding out Single-lot entrants.
- SPA – pilot a “laddered” renewal: every two years refresh a quarter of spaces to stop the six majors locking-in for the full term.
- Tracking impact - the scope of this report was focused on publicly accessible data – The research was unable to assess the volume or value of work being procured via the frameworks due to the commercial sensitivity of the data. Instead, the research and data provided within this report focuses on the number of lots and active companies therein. For a more detailed understanding of the commercial impact of the frameworks a further research programme would be required to establish relevant data sharing agreements for a more detailed understanding. Details of this have been included in the recommendations.

Gaps in Regional and Functional Coverage

Figure 8 illustrates supplier distribution across regions within the SPA N9 framework. Remote and rural areas - such as the Western Isles, Orkney, and Shetland - show lower supplier coverage. This gap reflects both the centralised structure of current frameworks and the limited local supply chain capacity in rural and island communities.

In addition, specialist roles critical for compliance - such as PAS 2035/2038 coordinators and digital performance modellers - are underrepresented, creating further delivery challenges.

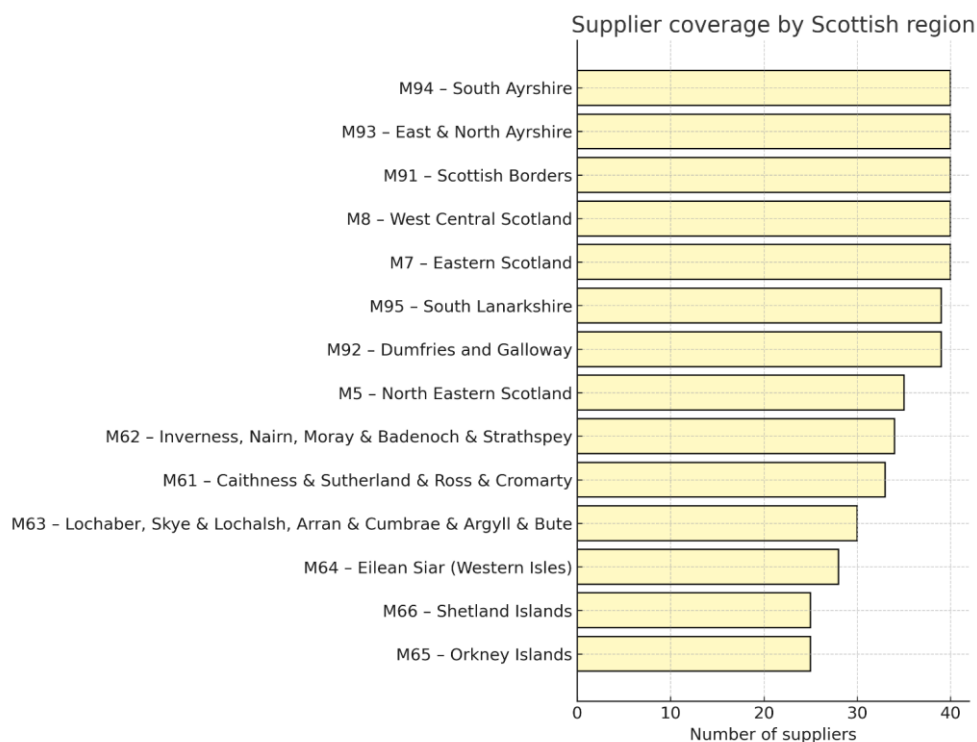


Figure 8.

Frameworks offer a limited access to the full market

The most significant structural gap is that the majority of Scotland's retrofit, energy efficiency and decarbonisation activity lies outside the scope of current public sector frameworks, such as private individuals or enterprises working out with the public sector and procurement legislation.

The sector is inherently fragmented, skewing more towards the small-to-medium-scale market, with:

- Most projects are by private homeowners, SME business, or community building retrofits, typically worth £5k–£500k
- These projects often fall below public procurement thresholds, or are too small to be bundled into large framework lots

Consequently, frameworks are often invisible or irrelevant to both the contractors who could deliver these jobs and the clients who need them delivered. This fragmentation results in:

- Missed opportunities for economies of scale
- Low SME engagement
- Inefficient or inconsistent procurement practices (e.g. word of mouth, local quotes)
- Lack of supply chain growth leading to downstream skills and knowledge shortages

Although many frameworks claim to be SME-friendly, supplier data indicates that a disproportionate share of awarded places go to larger SMEs and national contractors. This diverges from the actual structure of the Scottish construction sector, where 81% of construction SMEs are micro businesses (0–9 employees) and only ~2% are medium-sized firms (50–249 employees)²

Frameworks may technically meet SME quotas but practically exclude the smallest, most regionally embedded firms due to accreditation costs, complex applications, or scale expectations.

Local Authorities play a key role in encouraging and stimulating greater participation from micro and small businesses in their contract activities, their own procurement thresholds, policies, and terms & conditions can exclude some enterprises.

A comprehensive review across the public sector of such practices would be recommended to ascertain if opportunities for micro and small businesses are limited in the public sector. This would have to be covered within a separate research piece.

² Scottish Government (2023). Business in Scotland 2023. <https://www.gov.scot/publications/business-in-scotland-2023/>

Focusing only on public-sector frameworks understates Scotland's true retrofit and energy-efficiency capacity: micro-businesses (the bulk of the market) often operate outside large-scale procurement. The data here therefore show just one slice of opportunity.

Local authorities can unlock wider economic growth and strengthen local supply chains by using their frameworks to attract and nurture micro- and small-enterprise participation. The specific levers - micro-lots, bid-support bootcamps, scaled compliance thresholds, regional vouchers, and pipeline transparency - are detailed in the Recommendations and Action-Plan sections that follow at the end of the report.

Summary

Frameworks remain essential for structured procurement, but they are not the only procurement tool required for Scotland's retrofit transition at the scale or inclusivity required. Addressing these gaps will require:

- Reframing "SME inclusion" to explicitly prioritise micro and regional businesses
- Incentivising local authority adoption of diverse suppliers, especially for LHEES delivery, by encouraging procurements which promote local SME participation.
- Developing accessible, flexible procurement tools for small projects and community clients
- Monitoring and managing the geographic and economic distribution of work
- Exploring new procurement models or platforms that complement frameworks and serve the "long tail" of distributed retrofit needs

The Scottish retrofit market is shifting from niche to mass-market. There is now a clear opportunity to create new delivery mechanisms—including digital marketplaces, SME-focused mini-frameworks, or community aggregation models—that bridge the gap between policy ambition and procurement reality.

Research Findings

Common themes gathered from research responses:

Framework strengths & success stories

Key findings

- Several Scottish suppliers report that 60 – 85 % of their annual turnover now flows through framework call-offs, with one interviewee describing frameworks as “the engine room of our pipeline.”
- Direct-award call-offs are widely praised: “the fastest, cheapest route we’ve ever had,” typically finalised within two weeks versus three months for open tender.
- A medium-sized contractor generated ~£25 million per year for all four years of SPA’s N8 framework - generating a significant return on their invested speculative expenditure (cost of tender)
- Buyers appreciate baked-in compliance: “We sleep at night—the audit trail is already there.”
- Partnerships and consortium bids let smaller specialists ‘plug in’ to large programmes: one micro-firm doubled staff after joining a consortium led by a Tier-1 contractor.

Suggested Improvements

- Capture and publish case-study ROI figures (bid cost vs. multi-year revenue) to demonstrate the upside to hesitant SMEs.
- Encourage framework owners to track and publicise average call-off lead-times and savings as a marketing lever for both suppliers and procuring authorities.
- Use success-story data when promoting micro-lots, showing that even single-lot participation can snowball into recurring work.

Barriers to SME participation

Key findings

- The typical framework submission costs £5 – £10 k and soaks up 4–6 weeks of effort; suppliers say this is “two to three times the cost of a normal tender.”
- Micro-firms lack bid teams; hiring a consultant adds significant cost, into the thousands, per application depending on the number of lots/workstreams being bid into.

- Minimum turnover rules (often \geq £1 m) and mandatory accreditations (PAS 2035, ISO 9001, £10 m PI insurance) exclude younger or niche firms.
- Smaller firms usually deliver a single measure (e.g. loft insulation) and are therefore eligible for only one lot; limited cross-selling reduces their upside.

Suggested Improvements

- Bid-writing bootcamps - hands-on sessions six months pre-re-let; target single-lot micro/small firms first.
- Support and encourage downloadable “compliance pack(s)” (insurance wording, H&S policy, Fair-Work template) that SMEs can reuse.
- Pilot graduated turnover thresholds (for example - 1 X contract value for micros; 2 X for larger firms) instead of a flat minimum.
- Encourage framework providers to consider how they might implement modular re-application within the framework allowing those successful to refresh opportunities to bid into alternative lots.
- Further to the above point, providers might consider how they might allow additional suppliers to bid onto the framework on a rolling basis rather than locking in the lists for the full duration of the framework agreement – such as is permitted under a Dynamic Purchasing System (DPS) arrangement.

Stakeholder pain-points

Key findings

- Respondents repeatedly asked for better pre-tender visibility: “Give us three months’ notice so we can marshal resources.”
- Local-authority officers admitted they are “not always clear which services sit in which lot,” leading to under-use of certain work-streams.
- Suppliers feel frameworks “suit the buyer’s timetable, not ours,” citing last-minute clarifications and generic quality questions.
- Framework documents often rely on generic quality questions that “don’t speak the language of insulation or heat pumps,” causing frustration.
- Perception that larger multi-trade contractors enjoy a built-in ranking advantage discourages smaller specialists from bidding.

Suggested Improvements

- Framework owners could issue an annual pipeline bulletin (re-let dates, expected value bands, new lots).
- Run joint “Framework 101” clinics for procurement officers and suppliers, demystifying direct award vs. mini-competition.

- Make quality questions lot-specific and proportionate; publish de-personalised samples so SMEs know what “good” looks like.
- Introduce a standard four-week minimum bid window for all framework renewals to level the playing-field.

Regional & functional gaps

Key findings

- Head-office analysis shows two-thirds of Scottish suppliers cluster in the Glasgow-Edinburgh corridor; only four per cent are Island-based.
- Highland and Island authorities reported “scrambling for PAS 2035 Coordinators” because none are locally based.
- Multi-framework majors rarely list Island service flags, concentrating both management and lot volume in the central belt.

Suggested Improvements

- Offer accreditation vouchers and travel stipends for Island-based SMEs to gain PAS 2035, MCS, TrustMark.
- Co-host supplier-development days in Inverness, Kirkwall, Lerwick and Stornoway (for example) six months before framework re-lets.
- Encourage frameworks to introduce regional micro-lots (< £250 k) reserved for suppliers headquartered in specific undersupplied geographic regions, such as rural and island communities.
- Ask framework owners to report call-off spend by Scottish region each quarter to track whether lot awards match policy ambitions.

Improvement levers (consolidated)

Key findings

- Interviewees’ enhancement ideas converged on three levers:
 - Structure – the overall framework structure and subdivision of works streams and value bands
 - Visibility & Communication – the visibility of the framework to the wider marketplace and promotion of the opportunities to a wider audience of suppliers through improved and wider communication strategies.
 - SME Support – greater support provision for Scottish SMEs at all stages of application and administration of the framework procurement process.
- Structure gaps include absence of low-value regional lots and inflexible SPD refresh cycles.

- Visibility gaps include limited spend forecasts and lack of “meet-the-buyer” outreach.
- Support gaps cover bid-writing help and clarity on compliance pathways.
- Buyer-side insight study – interview an expanded group of local authorities and housing bodies to test whether current frameworks’ terms, risk policies and evaluation weightings inadvertently favour larger contractors; use the findings to refine SME-friendly lot structures and buyer guidance.

Recommendations: Direct Intervention and Follow on Action

Below are suggestions for Scottish Enterprise to consider to better understand the current marketplace and SE’s role within it. These include engaging with framework providers to share the findings and recommendations of this report and convening a community of stakeholders - including framework providers, local authorities, and Scottish suppliers - to discuss opportunities for growth in this sector.

- Scottish enterprise to convene a workshop, or series thereof, to facilitate a conversation between local authorities and framework providers to explore shared challenges and opportunities.

This event, or series, should look to address issues of;

- Engaging with local SME supply chain
 - Access to a wider market of Scottish suppliers
 - Drivers and detractors for SME appointment
 - Scope for increased SME involvement through sub-contracting opportunities
 - Geographic disaggregation and contract value banding and subdivision
 - Contents of this report and recommendations
 - Identify future framework pipeline for wider promotion and dissemination amongst Scottish supply chain.
- Through discussions with Local Authorities and Framework providers compile information on contract winners, including but not limited to;
 - company size and turnover
 - geographic base and service area
 - services and manufacturing supply chain and subcontracting base
 - assess LA knowledge of full scope of Scottish SME capabilities and routes to appointment
 - Identify future needs and opportunities for further framework development

- Assess opportunities for Scottish companies identifying potential areas for increased engagement
- Subsequent engagement with these suppliers (as identified through above suggested discussion) would be of benefit to assess current market capacity, opportunities for growth or greater support for Scotland based supply chains and sub-contractors
- Further analysis of the key benefits and risks to SME's in actively engaging in sub-contracting arrangements with larger bodies or those already represented on the Frameworks – there is a risk to SME growth or participation within frameworks if they are unable to bid as an individual organisation.
- Scottish Enterprise to support Framework providers and LAs to promote the opportunities represented for Scottish Companies, via webinars, engagement events, and proactive promotion.

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