

Delegated Cabinet Member Decision (Contract Award 100k -250k) Report

Decision Maker and Portfolio area:	Cllr Abdul Jabbar, Cabinet Member for Finance & Low Carbon
Date of Decision:	12 January 2023
Subject:	Town Centre Minewater District Heat Network – contract award for Detailed Project Development / OBC
Report Author:	Andrew Hunt
Ward(s) Affected:	N/A

Reason for the decision: To award and enter into the contract for Detailed Project Development / Outline Business Case stage feasibility consultancy for the proposed Oldham Town Centre Minewater District Heat Network, to the value of £179,700.

Summary: The Oldham Green New Deal Strategy was adopted in March 2020 and sets two carbon neutrality targets – for Council Buildings and Street Lighting by 2025, and for the borough by 2030.

The strategy identifies the development of low carbon District Heat Networks as a key measure which can deliver carbon emissions reduction at scale whilst attracting inward investment into the borough from both public and private sectors. Additional benefits of district heat networks are fixing heating costs for participating organisations and securing a physical supply of renewable energy in an uncertain economic environment.

A first stage techno-economic feasibility study has been completed looking at the potential for a Minewater District Heat Network in Oldham Town Centre. This heat network would use heat

reclaimed from the floodwater in disused mineworkings underneath the Town Centre. The first stage feasibility study showed potential for a viable new heat network, either standing alone serving large public and commercial buildings or linked up with the existing heat network at St Mary's, which is currently owned by First Choice Homes.

£120,600 in grant funding has been secured from the BEIS Heat Network Delivery Unit towards the cost of the next stage of feasibility (Detailed Project Development) which will take the project to Outline Business Case (OBC) stage. The new piece of feasibility work will also provide the required information for an application to the BEIS Green Heat Network Fund for capital funding to cover the cost of test minewater boreholes at the Council's site at Rhodes Bank, the preferred site for a minewater energy centre.

A procurement exercise has now been completed to select consultants to deliver the DPD / OBC stage feasibility work. Burro Happold were the successful bidder with a price of £179,700 for the work.

This report recommends that Burro Happold now be appointed to commence the work in January 2023. The work is expected to take around seven months.

What are the alternative option(s) to be considered? Please give the reason(s) for recommendation(s):

Option 1: Do not award the contract. Under this option, the Council will not incur expenditure of £59,100 by way of match funding for the £120,600 BEIS HNDU grant which has been provided for this work. However, the project will not progress to DPD / OBC stage.

Option 2: Award the contract and enter into a contract with Buro Happold Limited. Under this option, the contract for DPD / OBC stage feasibility work will be awarded to the successful bidder and the work will commence in January 2023.

Recommendation(s):

Option 2: Award the contract and enter into a contract with Buro Happold Limited. Under this option, the contract for DPD / OBC stage feasibility work will be awarded to the successful bidder and the work will commence in January

2023.

Implications:

*What are the **financial** implications?*

The total costs of £180k will be revenue expenditure and will be financed by a £121k HNDU Grant from BEIS with the remaining £59k to be met from the Creating a Better Place Reserve.

[James Postle]

*What are the **procurement** implications?*

A procurement exercise has now been completed to select a multi-disciplined consultants structure to deliver the DPD / OBC stage feasibility work. Burro Happold were the successful bidder with a price of £179,700 for the work. There was one unsuccessful bidder. The tender process was facilitated through the GLA 81635 Local Energy Framework Lot 4.

[Dan Cheetham]

*What are the **legal** implications?*

Rule 4 of the Contract Procedure Rules provides that a procurement carried out under an existing compliant framework agreement is a valid route to market. A mini competition has been undertaken via the Greater London Authority's Local Energy Consulting Framework, Lot 4 (which is in place between 1 April 2022 and 31 March 2026) and Buro Happold Limited has been identified as the most economically advantageous bidder. Provided the call-off contract is in accordance with the framework and legal support is sought on its contents, there are no known legal implications to the proposed call-off contract.

[Sarah Orrell – Commercial and Procurement Solicitor]

*What are the **Human Resources** implications?*

N/A

***Equality and Diversity Impact Assessment** attached or not required because (please give reason)*

Not required at this stage – an EIA will be carried out once feasibility is complete and before any implementation of the proposed minewater district heat network project.

*What are the **property** implications*

The wider project has potential positive

implications in reducing operational costs and carbon impact of the Council's buildings. Once further feasibility studies are completed, a more detailed understanding of the occupational implications on the Council's property will be understood.

[Katy Webster]

Risks:

The Council if it wants to access funding to construct such a heat network has to incur expenditure to work up the proposal with the risk that a future bid maybe unsuccessful or the future grant conditions change. As such the expenditure incurred in working up the outline business case could be abortive although this is partially offset by the grant obtained.

[Mark Stenson]

Co-operative agenda

A new Town Centre minewater district heat network would be an example of collaborative working between two of Oldham's anchor organisations – the Council and First Choice Homes – to bring a collective benefit to residents and businesses.

[Andrew Hunt]

Has the relevant Legal Officer confirmed that the recommendations within this report are lawful and comply with the Council's Constitution? Yes

Has the relevant Finance Officer confirmed that any expenditure referred to within this report is consistent with the Council's budget? Yes

Are any of the recommendations within this report contrary to the Policy Framework of the Council? No

There are no background papers for this report

Report Author Sign-off:	
Andrew Hunt	
Date: 12 January 2023	

In consultation with

Executive Director for Place and Economic Growth

A handwritten signature in black ink, appearing to read "E. F. Fisher", is positioned on the left side of the page. The signature is written in a cursive style with a period at the end.

Date: 18 January 2023