

Delegated Officer Report

Decision Maker:	Paul Clifford, Director of Economy
Date of Decision:	24 January 2023
Subject:	Town Centre Minewater District Heat Network – contracts award for Detailed Project Development / OBC
Report Author:	Andrew Hunt
Ward (s):	N/A

Reason for the decision:	To award and enter into two contracts for Detailed Project Development / Outline Business Case stage feasibility consultancy (Project Manager & Stakeholder Engagement, and Legal) for the proposed Oldham Town Centre Minewater District Heat Network, to the value of £40K and £21K respectively.
Summary:	<p>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.</p> <p>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.</p> <p>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</p>

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.

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 been completed to select consultants to deliver the DPD / OBC stage feasibility work. Burro Happold were the successful bidder. However, two supporting contracts must now be let – one for an external Project Management and Stakeholder Engagement resource, and one to provide Legal support to the DPD consultants Burro Happold. After a compliant procurement exercise, Arup have been selected to provide the PM and SE resource at a cost of £40K, and Womble Bond Dickinson have been selected to provide the Legal support, at a cost of £21K.

The £40K cost of the PM and SE resource is covered by the grant from the BEIS HNDU. The cost of £21K for Legal support is to be borne by the Council.

This report recommends that Arup and Womble bond Dickinson now be appointed to work alongside Burro Happold, 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 £21K on the Legal support. However, the project will not progress to DPD / OBC stage.

Option 2: Award the contract and enter into contracts with Arup and Womble Bond

Dickinson. Under this option, the contracts for PM / SE and Legal support will be awarded to the successful bidders and the work will commence in January 2023.

Consultation: including any conflict of interest declared by relevant Cabinet Member consulted.

N/A

Recommendation(s):

Option 2: Award the contract and enter into contracts with Arup and Womble Bond Dickinson. Under this option, the contracts for PM / SE and Legal support will be awarded to the successful bidders and the work will commence in January 2023.

Implications:

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

The total costs associated with the commissions is £61 and will be revenue expenditure. The £40k for Project Management and Stakeholder Engagement will be finance from grant funding from BEIS to develop the mine-water project and the £21k for legal advice will be funded from the Creating a Better Place Earmarked Reserve.

[James Postle]

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

Whilst the procurement of Legal Services falls outside of the Contract Procedure Rules, in order to secure value for money and identify the most appropriate support, it is proposed that Womble Bond Dickinson be appointed under the procurement compliant Crown Commercial Service Framework Contract with the reference number **RM6240** for the provision of Public Sector Legal Services. Provided the call off procedure under the framework agreement has been followed and provided the Call-Off Contract is in the prescribed form, there are no known legal implications.

It is proposed that Ove Arup & Partner are appointed under Transport for London's procurement compliant framework agreement for Local Energy Consultancy Services (Ref GLA 81635). Again, provided call off procedure under the framework agreement has been followed and provided the Call-Off Contract is in the prescribed form, there are no known legal implications.

[Sarah Orrell – Commercial & Procurement Solicitor]

What are the **procurement** implications?

Womble Bond Dickinson will be appointed under the procurement compliant Crown Commercial Service Framework Contract with the reference number RM6240 for the provision of Public Sector Legal Services.

Ove Arup & Partner will be appointed under Transport for London's procurement compliant framework agreement for Local Energy Consultancy Services (Ref GLA 81635).

Both appointments require contracts agreed and fully executed with risk and liability suitably apportioned.

[Dan Cheetham]

What are the **Human Resources** implications?

N/ A

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

N/A

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: 24 January 2023	

In consultation with Director of Economy

Signed :  _____ Date: 10/02/23