

# Delegated Cabinet Member Decision

## Oldham Low Carbon Heat Network Commercialisation – appointment of Buro Happold

**Portfolio Holder:** Cllr Abdul Jabbar, Cabinet Member for Value for Money and Sustainability

**Officer Contact:** Emma Barton, Deputy Chief Executive (Place)

**Report Author:** Andrew Hunt, Green Energy & Sustainability  
Manager  
**Ext. 6587**

**31 July 2024**

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### **Reason for Decision**

To appoint and enter into a contract with Buro Happold to carry out Commercialisation feasibility work for the Oldham Low Carbon Heat Network project.

### **Recommendations**

Appoint and enter into a contract with Buro Happold. Under this option, Buro Happold will proceed to complete the Commercialisation feasibility work for the Oldham Low Carbon Heat Network for inclusion in the procurement of the Oldham Green New Deal Delivery Partner.

## **Oldham Low Carbon Heat Network Commercialisation – appointment of Buro Happold**

### **1 Background**

- 1.1 The Council has, for some years now, been carrying out feasibility work on a new low carbon district heat network for Oldham Town Centre.
- 1.2 The project has previously benefited from grant funding from the DESNZ Heat Network Delivery Unit to take it to Detailed Project Development / Outline Business Case stage.
- 1.3 The Council recently secured £1m in revenue funding from the Green Heat Network Fund to carry out further feasibility, taking the project to Commercialisation / Full Business Case stage.
- 1.4 The Council's intention is to include the heat network as the Anchor Project for the procurement of an Oldham Green New Deal Delivery Partner later in 2024.

### **2 Current Position**

- 2.1 Buro Happold have been procured under a compliant procurement process to carry out the Commercialisation feasibility work on the project, at a cost of £557,450.00 + VAT. The cost will be covered by the Green Heat Network Fund revenue grant.

- 2.2 Delegated authority to make this appointment was approved in the Cabinet report of 26 February 2024, "Oldham Green New Deal Delivery Partnership - Grant acceptance".

#### Procurement implications

- 2.3 GLA81635 Low Carbon Framework Lot 4 was selected for this procurement, where a mini competition took place between AECOM, Ove Arup and Partners, Sustainable Energy Ltd, WSP UK, Ramboll, Sweco, Buro Happold. Four suppliers did not respond, two opted out and only one supplier bid which was Buro Happold.

- 2.4 After the moderation meeting took place, it was conclusive to award the contract to Buro Happold, to avoid any further delays to the project and timelines. As this project is connected to other projects to do with the low carbon heat network at Oldham.

#### Co-operative implications

- 2.5 The proposed appointment will enable the further development of Oldham Low Carbon Heat Network which will support the local supply chain, maximise social value, provide opportunities for training and employment for Oldham residents and provide cost and energy security for town centre households and businesses. This aligns both with the Council's co-operative aims and its corporate priority to move towards a clean and green future for the borough.

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### Environmental implications

- 2.6 The recommended option will allow further development of the Oldham Low Carbon Heat Network project which will be a key piece of low carbon infrastructure to deliver the carbon neutrality targets in the Oldham Green New Deal Strategy.

### Property implications

- 2.7 The appointment of Buro Happold does not have any direct property implications, however their appointment will support the delivery of the Oldham Low Carbon Heat Network as an anchor project in the procurement of the Oldham Green New Deal Delivery Partner. Once operational the Oldham Heat Network will be able to support future projects or buildings within Oldham.

### Risk implications

- 2.8 The proposed option of appointing the contractor will provide an opportunity for the Council to progress with further feasibility scheme for the Oldham Low Carbon Heat Network for the benefit of local residents. Insurance levels for the consultant should be requested, copies of these insurances should be retained by the Council and these should meet with at least the minimum requirements of the Contract Procedure Rules. The service should ensure all grant conditions are complied with and that there is sufficient monitoring of the project to ensure it fits in the timelines for completion of the project. The budget and project will need to be monitored by the service. The service should also monitor the contract to ensure any social value offer is complied with and provides benefit to Oldham to ensure there is not a reputation/procurement risk to the Council.

## 3 **Options/Alternatives**

- 3.1 Option 1 – Do not appoint and enter into a contract with Buro Happold. Under this option, the Oldham Low Carbon Heat Network project will not proceed and the Council will surrender the Green Heat Network Fund grant which has been secured for this work. The Oldham Low Carbon Heat Network will not be the Anchor Project in the procurement of the Oldham Green New Deal Delivery Partner.
- 3.2 Option 2 – Appoint and enter into a contract with Buro Happold. Under this option, Buro Happold will proceed to complete the Commercialisation feasibility work for the Oldham Low Carbon Heat Network for inclusion in the procurement of the Oldham Green New Deal Delivery Partner.

## 4 **Preferred Option**

- 4.1 Option 2 – Appoint and enter into a contract with Buro Happold. Under this option, Buro Happold will proceed to complete the Commercialisation feasibility work for the Oldham Low Carbon Heat Network for inclusion in the procurement of the Oldham Green New Deal Delivery Partner.

## 5 **Consultation**

- 5.1 The Cabinet Member for Value for Money and Sustainability has been consulted.

## 6 **Financial Implications**

- 6.1 The cost of procuring Buro Happold will be £550,000 + VAT.
- 6.2 This cost will be fully funded from the £1m secured revenue grant funding provided by the Green Heat Network Fund.

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6.3 There is no requirement for the Council to provide any match funding against the £1m grant allocation.

[ John Hoskins – Finance Manager ]

## 7 **Legal Implications**

7.1 Rule 4 of the Council's Contract Procedure Rules governs the commissioning process that must be followed based on contract value. The contract in question is above the financial threshold for the Public Contract Regulations 2015 (PCR 15) and, therefore, the opportunity could have been advertised as a standalone procurement under PCR 15 or the Council could purchase its requirements under an existing and procurement compliant Framework Agreement.

7.2 The Council has opted to purchase under the Local Energy Consultancy Framework Agreement (GLA81635). This Framework Agreement was advertised by the Transport for London for the benefit of the Greater London Authority and other Contracting Authorities. The Commercial Procurement Unit confirmed that the Framework Agreement is available to the Council before any procurement activity was commenced.

7.3 The Council has carried out a mini competition under Lot 4 of the Framework Agreement and identified the bid received from Buro Happold Limited as the most economically advantageous offer.

7.4 Provided the Commercial Procurement Unit is satisfied that the mini competition has been carried out in accordance with the Framework Agreement, a contract award can be made to Buro Happold Limited.

7.5 The form of Call-Off Contract is governed by the Framework Agreement and the Council has appointed the firm of Womble Bond Dickinson to provide legal support both in respect of the Call-Off Contract and the wider project.

7.6 It is recommended that any approval granted to enter into the Call-Off Contract is subject to the contents of the Order Form and the final terms and conditions being agreed by Womble Bond Dickinson (on the Council's behalf and acting to the Council's instructions). The Council can then proceed to complete the Call-Off Contract. Any advice supplied by WBD is governed by a separate contract, which will protect the Council in respect of both the legal advice and the support given by WBD.

[ Sarah Orrell – Commercial & Procurement Solicitor ]

## 8 **Equality Impact, including implications for Children and Young People**

8.1 No. EIA not necessary – one will be completed upon procurement of the delivery partner for the heat network.

## 9 **Key Decision**

9.1 Yes

## 10 **Key Decision Reference**

11.1 FCR-15-24

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12 **Background Papers**

12.1 None.

13 **Appendices**

13.1 None.

 <p>Signed Cabinet Member for Value for Money and Sustainability</p>	<p>Dated: Thursday 1<sup>st</sup> August 2024</p>
 <p>Signed Emma Barton, Deputy Chief Executive (Place)</p>	<p>Dated: 31<sup>st</sup> July 2024</p>