

Delegated Decision Report

Decision below £250k



Subject:	OGNDP - Ernst & Young contract modification
Decision maker: Senior Officer	Emma Barton, Deputy Chief Executive (Place)
Decision maker: Cabinet Member	Cllr Abdul Jabbar, Cabinet Member for Value for Money & Sustainability, Deputy Leader
Decision date:	1 October 2025
Report author:	Andrew Hunt, Green Energy & Sustainability Manager
Ward (s):	N/A

Reason for decision

To approve a contract modification for Ernst & Young (EY), to provide additional services in respect of supporting the ITT and tender process for the Oldham Green New Deal Partner (heat networks and other low carbon asset classes).

EY's existing contract, for Commercial support with the procurement of the Oldham Green New Deal Strategic Energy Partner, has a value of £725K+VAT (£870K inclusive of VAT). Within very specific legal parameters, it is permissible for the Council to increase the value of this contract by up to £435K inclusive of VAT (50% of original value).

The actual value of the required modification however is £180K+VAT (£216K) which falls below the £250K threshold required for Cabinet approval and so can be approved via a Delegated Decision.

Recommendation(s)

1. That the contract modification for Ernst & Young set out in this report is approved.

Background

The Oldham Green New Deal Partnership is the key project in the Oldham Green New Deal programme which will establish a Joint Venture between the Council and a commercial energy infrastructure provider to bring in the large-scale investment needed to upgrade Oldham's energy systems for the future, deliver against Net Zero targets and secure a wide range of economic co-benefits for the borough including jobs, skills, a Social Value Fund and savings on energy bills for residents and businesses.

The project is grant funded from two separate sources:-

- The DESNZ / GMCA Local Net Zero Accelerator programme – Oldham has secured £1.4m grant from the overall GMCA £6.2m programme

- The Green Heat Network Fund (GHNF) – Oldham has secured a revenue grant of £1m and a capital grant of £7.8m

Between them, these grants are in the main funding the following organisations:-

- Oldham Council (officer time) - £500K
- Ernst & Young (Commercial and Project Management support) - £400K
- Womble Bond Dickinson (Contractual and Procurement Legal support) - £250K
- Buro Happold (Technical support, Heat Network Commercialisation) - £557,450
- Carbon Co-op (Community engagement) - £220K

The OGND Partnership project is an innovation project and as such the requirements of the project are becoming clearer as the project develops. It has emerged that the original scope of three of the appointments above – Ernst & Young, Womble Bond Dickinson and Buro Happold – is insufficient for the requirements of the project and so the scope for these three appointments needs to be expanded to fully meet requirements. This DDR concerns a modification to the scope of work for Ernst & Young.

The existing scope of work is summarised as follows:-

- Operating model review
- Anchor projects review
- Governance arrangements, Project Acceptance Criteria and KPIs
- PSQ stage
- Procurement Strategy support
- ISOS stage
- ITT stage
- Final tenders to financial close

The nature of the scope gap which has emerged for Ernst Young includes:-

- Procurement Act 2023 implications
- Increased workshop sessions
- First Choice Homes Oldham / St Mary's heat network / general HN support
- PMO / Lead Advisor support
- The national DESNZ Advanced Zoning Programme for Heat Networks, integration of standardised DESNZ templates and integration with SEP approach
- Extra timescale for the project as a result of extra workload

Discussions with the funders (GHNF and LNZA) have already taken place along with Oldham Council Finance Team and the extra costs above will be covered via the reallocation of £80K of the existing GHNF grant funded budget plus an additional £100K from the GMCA LNZA. Nothing in the grant funding terms prevents us from making the modification.

The additional services required are directly related to the original contract scope and are an extension of them, so it would not be possible or practical to procure a different contractor to

provide these additional services as this would necessitate a complex and difficult working arrangement between EY and a new contractor in respect of information exchange.

Additionally, the timescales required for the additional services mean that a new competitive tender exercise would cause significant inconvenience to the extent that the required delivery timescales for the additional services could not be met.

Alternative option(s) to be considered

Option 1 (Preferred Option) – approve the contract modification. Under this option, the extra scope required for the project will be secured, maximising the probability of a successful project.

Option 2 – do not approve the contract modification. Under this option, the extra scope required for the project will not be secured, with a likely severe impact on the overall probability of a successful project.

Consultation

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

Risks

N/A

Implications

Financial	<p>Revenue Implications</p> <p>The additional scope requirement outlined above will see the Ernst & Young contract value increase by £180,000+VAT.</p> <p>All the contract increase will be charged to revenue.</p> <p>The £180,000 additional revenue cost will be fully covered by the existing grant allocations for the DESNZ / GMCA Local Net Zero Accelerator programme and the Green Heat Network Fund (GHNF).</p> <p>There is no additional call on Council financial resources because of this contract modification.</p> <p style="text-align: right;">(John Hoskins)</p>
Legal	<p>Legal Services are satisfied that the proposed contract modification is lawful and falls within the permissible grounds for modification under Regulation 72 of the Public Contracts Regulations 2015. The modification remains within the 50% threshold and is directly related to the original contract scope.</p> <p>The report confirms that the additional costs will be met</p>

	<p>entirely through grant funding (GHNF and LNZA), and nothing in the funding conditions prevents this allocation.</p> <p>Officers must ensure that grant conditions and financial procedure rules are fully complied with and that an appropriate contract variation is completed to formalise the changes.</p> <p>On this basis, the recommendations are considered lawful and compliant with the Council’s Constitution.</p> <p>Sukie Kaur – Solicitor</p>
<p>Equality impact including implications for Children and Young People</p>	<p>N/A</p>
<p>Procurement</p>	<p>Ernst & Young LLP were originally appointed in July 2024 following a mini-competition (our ref: DN631261 Green New Deal Independent Assurance Provider) conducted under the Crown Commercial Services Framework – MCF3 (RM6187) Lot 3 - Complex & Transformation, and therefore the proposed modification is governed by the same legislation applicable to the Framework, namely the Public Contracts Regulations 2015 (PCR15).</p> <p>Regulation 72(1)(b) of PCR15 permits a modification for additional services that have become necessary and were not included in the initial procurement, where a change of contractor—</p> <ul style="list-style-type: none"> (i) cannot be made for economic or technical reasons such as requirements of interchangeability or interoperability with existing equipment, services or installations procured under the initial procurement, or (ii) would cause significant inconvenience or substantial duplication of costs for the contracting authority, <p>provided that any increase in price does not exceed 50% of the value of the original contract.</p> <p>Emma Tweedie, Snr Category Manager Commercial Procurement Unit</p>

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

Background Papers under Section 100D of the Local Government Act 1972

1. DDR to appoint Ernst & Young



DelegatedCabinet
MemberKeyDecision

Appendix

N/A

Report author sign-off	Andrew Hunt
Role	Green Energy & Sustainability Manager
Date of sign-off	1 October 2025

Approval	
	
Officer approval sign-off	Emma Barton
Role	Deputy Chief Executive (Place)
Date of sign-off	02.10.25

Approval	
Member(s) approval sign-off	 Cllr Abdul Jabbar
Role	Deputy Leader & Cabinet Member for Finance, Corporate Services & Sustainability,
Date of sign-off	08/10/2025