

Growth and Regeneration Scrutiny Commission 16 November 2021



Report of: Stephen Peacock, Executive Director, Growth & Regeneration

Title: Heat Decarbonisation of the Welsman Building (OED)

Ward: Ashley Ward

Officer Presenting Report: Samuel Bryan, Programme Manager, South West Energy Unit

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Recommendations:

To note the Emergency Key Decision taken on 27th October 2021 to procure a renewable heating system at the Welsman building.

The significant issues in the report are:

The existing oil heating system in the Welsman building has failed. Grant funding for a renewable heating alternative has been secured but, as a result of recent price increases, the tenders returned are in excess of £500k. The Building Practice capital programme has sufficient match funding to complete the works, but the grant funding element (£320k) must be spent by end of March '22. In order to achieve this, contracts should be signed in October. Therefore, an emergency key decision was required to ensure the work can be completed.



1. Summary

- The oil heating system at the Council’s Welsman building has failed. Grant funding for a renewable heating alternative has been secured but, as a result of recent price increases, the tenders returned are in excess of £500k. The Building Practice capital programme has sufficient match funding to complete the works but the grant funding element (£320k) must be spent by end of March ‘22. To achieve this, contracts should be signed in October. Therefore, an emergency key decision was required.

2. Context

Evidence Base:

1. This contract relates to the installation of a renewable heating system (Air Source heat pump) to replace the existing oil boilers at the Welsman building.
2. The Welsman building houses Adult and Children’s Services who will shortly be joined by the Youth Offending team. The building was heated with an oil boiler initially installed in 1970s. The oil heating system of the building has now failed, and a solution is required to ensure the Council teams have an operational building.
3. The Energy Service have developed a ‘Proactive Maintenance’ programme with Property to capitalise on the government’s Public Sector Decarbonisation Scheme (PSDS). The aim is to avoid replacing end-of-life heating systems with new fossil fuel assets.
4. Feasibility studies completed in Jan 2021 indicated the total value of works, including contingency, would be under Executive Director delegated authority <£500k.
5. We were successful with one of the grant applications, the Welsman Building, and were awarded £320k in March 2021 to install renewable heating at the Council’s Welsman building. The grant conditions are that funding needs to be spent by the end of March 2022. Match funding was agreed as part of the facilities management capital budget.
6. Invitations To Tender (ITT) were sent out on 9 August. Tender submission date was set for 27 August 2021 but was subsequently extended to the 14 September upon request.
7. The tenders submitted were more than £0.5m, which is above the Key Decision threshold. Reasons for this increase include:
 - a. Substantial increases in the cost of equipment (heat pumps, radiators, pipework) since the feasibility study was completed. These increases are in line with those recently observed by other local authorities and are believed to be due to higher demand across the UK resulting from the PSDS, and higher import costs.
 - b. Labour shortages, due to increased demand and reduced availability of labour
 - c. Additional works identified to upgrade the mains electricity supply, which were not identified at feasibility stage.

8. An emergency key decision was required as
 - a. There is clear and pressing need to provide heating at the Welsman Building as the current system has failed. There are three council teams that depend on the building remaining operational, and we cannot delay in delivering a solution for the building. The alternative solution will be to install a fossil fuel heating solution.
 - b. Contracts must be signed in October in order to fulfil grant requirements by March, it is therefore not reasonably practical for the decision to be taken by the Mayor or cabinet member.
9. As per the emergency key decision process
 - a. Approval in principle was sought from Executive Director, Chief Executive and Mayors office
 - b. The draft OED was signed off by Executive Director, Monitoring Officer and S151
 - c. Consultation was conducted with the Monitoring Officer (Tim O’Gara), the Chief Finance Officer (Denise Murray), the Deputy Mayor, the relevant Cabinet Member (Cllr Beech) and the relevant scrutiny chair (Cllr David Willcox chair of G&R Scrutiny).

3. Policy

Not applicable

4. Consultation

a)Internal

- Facilities Management/ Building Practise
- Service Director Management of Place
- Executive Director Growth and Regeneration
- Chief Executive
- Chief Accountant/ S151
- Monitoring Officer
- Cabinet member
- Scrutiny Chair

b)External

<Not applicable>

5. Public Sector Equality Duties

- 5a) Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following “protected characteristics”: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:

- i) Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.
- ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to --
 - remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);
 - encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to –
 - tackle prejudice; and
 - promote understanding.

5b) N/A

Appendices:

None

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

[Officer Executive Decision – Welsman Heat Decarbonisation](#)