

Officer Executive Decision Form



DECISION DETAILS:

1. **Subject:** *Heat Decarbonisation at the Welsman Building*

2. **Full details of the decision taken:**

- *The Energy Service developed a 'Proactive Maintenance' programme with Property to capitalise on the government's Public Sector Decarbonisation Scheme (PSDS). The aim was to avoid replacing end-of-life heating systems with new fossil fuel assets.*
- *The Welsman Building was awarded £320k grant funding to install renewable heating under the PSDS.*
- *The grant conditions are that funding needs to be spent by the end of March 2022.*
- *The Energy Service commissioned independent consultants to produce a feasibility study in January 2021, which estimated the total value of the works, including contingency, to be less than £0.5m and therefore within the delegated authority of the Executive Director.*
- *Subsequently, a procurement exercise was undertaken, and the tenders submitted were more than £0.5m, which is above the Key Decision threshold. Reasons for this increase include:*
 - *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.*
 - *Labour shortages, due to increased demand and reduced availability of labour*
 - *Additional works identified to upgrade the mains electricity supply, which were not identified at feasibility stage.*
- *The oil heating system of the building has now failed, and a solution is required to ensure Adult and Children Services, as well as the Youth Offending team who are due to move in from Phoenix Court, have an operational building. The contracts are required to be signed in October to enable the works to be completed by March 2022.*
- *The decision required is to approve procurement of renewable heating system at the Welsman building through the emergency Key Decision Process.*
- *Agreement in principle for key decision has been secured from Chief Executive, Executive Director and Mayor Officer (Deputy Mayor).*
- *The Head of Legal Services and the Chief Accountant have checked and inputted on the proposed decision.*
- *The Monitoring Officer, the Chief Finance Officer, the deputy Mayor, the relevant Cabinet Member and the relevant scrutiny chair have been consulted on this decision.*
- *This item is a key decision and whilst emergency action is being taken the decision will be presented to cabinet at the earliest possible opportunity.*

3. **Monetary value involved (if any):** *£720k*

4. **Contract number (if applicable):** *DN561551*



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5. Reason for identifying as an OED:

- *The Council's constitution includes provision for an emergency key decision to be taken in specific and exceptional circumstances where the usual process cannot be followed.*
- *The justification for this course of action being*
 - *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.*
 - *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.*

6. **Date of decision:** 27/10/2021

7. Reasons for the decision:

- *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.*
- *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.*

8. Details of alternative options considered and rejected:

- *Installation of new fossil fuel boiler at the Welsman Building – rejected on the basis: -*
 - *It is inconsistent with meeting the Council's 2025 policy (approved by cabinet) of achieving carbon neutrality 2025.*
 - *This would be more expensive in the long run as the fossil fuel replacement would itself need to be decommissioned and a renewable alternative installed before 2025.*
 - *Loss of £320k grant funding*
 - *Reputational risk – the council cannot rely on future successful grant schemes for a low carbon heating solution*
- *Key decision at November cabinet – rejected on the basis this would lead to risk of works being incomplete by grant deadline.*

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9. Any conflict of interest declared by a Cabinet Member consulted by the officer taking the decision, together with a note of any dispensation granted by Audit Committee in relation to the conflict of interest (if applicable):

Not applicable

A handwritten signature in black ink, appearing to read 'h h h h e', enclosed in a white rectangular box.

Name:Stephen Peacock

Job title: Executive Director

