

Decision Pathway – Report



PURPOSE: For noting

MEETING: Cabinet

DATE: 14 December 2021

TITLE	Heat Decarbonisation at the Welsman Building		
Ward(s)	Ashley Ward		
Author: Samuel Bryan	Job title: Programme Manager		
Cabinet lead: Cllr Beech, Cabinet Member for Climate, Ecology, Energy and Waste	Executive Director lead: Stephen Peacock, Executive Director Growth and Regeneration		
Proposal origin: BCC Staff			
Decision maker: Officer			
Decision forum: Officer Meeting			
Purpose of Report:			
<ol style="list-style-type: none"> To notify cabinet of a Key Decision taken on 27th October 2021 to procure a renewable heating system at the Welsman building. 			
Evidence Base:			
<ol style="list-style-type: none"> BCC buildings with end-of-life fossil fuel assets present an issue for the organisation as they are liabilities requiring short term capital investment. Current business as usual will also mean these capital investments will be a longer-term commitment to fossil fuels – which is at odds with corporate sustainability targets. The Public Sector Decarbonisation Scheme (PSDS) is the main scheme from central government to support the public sector in decarbonising heat, with a focus on end-of-life fossil fuel heating systems. The scheme has a cap on the amount of grant available per tonne of CO2 saved, so for most projects some match funding is required. The Proactive Maintenance programme utilises funds earmarked for boiler replacements in the Capital Programme for Facilities Management to provide match funding for PSDS eligible projects. Thus far, feasibility studies for renewable heating have been conducted on an initial tranche of six buildings with end-of-life fossil fuel heating. These studies have identified the buildings as being suitable for the installation of air source heat pumps. Air source heat pumps are a form of renewable energy technology which take the warmth from the air outside (even when it's quite cold) and uses it to heat buildings. PSDS funding has been secured for the Welsman Building and approvals for grant applications for a further two sites are subject of a cabinet paper scheduled for February 2022. The Welsman building houses Adult and Children's Services, who will shortly be joined by the Youth Offending team. The oil heating system of the building has now failed, and a solution is required to ensure that the Council teams have an operational building. Feasibility studies completed in Jan 2021 indicated that the total value of works to install an air source heat pump, would be less than £500k and therefore could be approved by the Executive Director. In March 2021, the Council was awarded £320k through the PSDS for the installation of renewable heating at the Welsman Building. The grant conditions require that the funding must be spent by the end of March 2022. Match funding was agreed as part of the facilities management capital budget. Invitations To Tender (ITT) were sent out on 9th August. Tender submission date was set for 27th August 2021 but was subsequently extended to the 14th of September upon request. All the tenders submitted were in excess of £500k and the successful bid was >£700k which is above the Key Decision threshold. Reasons for this increase include: <ol style="list-style-type: none"> 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 			

- c. Additional works identified to upgrade the mains electricity supply, which were not identified at feasibility stage.
- 13. An emergency key decision was required as
 - a. The existing oil-fired boilers, installed in the 1970's when the building was constructed, have failed and it is not feasible to repair them.
 - b. 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 new fossil fuel heating system. Whilst less expensive initially this would also require.
 - c. Grant funding needs to be spent by March 2022. For this reason, it is not reasonably practicable for the decision to have been taken by the Mayor or cabinet member.
- 14. 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 relevant Cabinet Member (Cllr Beech) and the relevant scrutiny chair (Cllr David Wilcox chair of G&R Scrutiny Committee). It has not been possible to consult directly with the Mayor but Deputy Mayor was consulted as part of the agreement in principle.
- 15. The OED has been published [Welsman Heat Decarbonisation OED](#) and all members notified.

Cabinet Member / Officer Recommendations:

That cabinet:

- 1. Notes the decision of the Executive Director – Growth and Regeneration to award the contract for renewable heating system at the Welsman building to the successful bidder at a cost of £720,000.

Corporate Strategy alignment:

- 1. Wellbeing – decarbonising Bristol buildings is critical to keeping Bristol on course to be run entirely on clean energy by 2030.

City Benefits:

- 1. Sustainability – the outcome of the work will contribute to decarbonisation of the corporate estate.
- 2. Health - there are three council teams that depend on the building remaining operational

Consultation Details:

- 1. 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
- 2. Consultation was conducted with the Monitoring Officer (Tim O'Gara), the Chief Finance Officer (Denise Murray), the relevant Cabinet Member (Cllr Beech) and the relevant scrutiny chair (Cllr David Willcox chair of G&R Scrutiny). It has not been possible to consult directly with the Mayor but Deputy Mayor was consulted.

Background Documents:

[The Mayor's Climate Emergency Action Plan](#)

[The One City Climate Strategy](#)

[The Climate & Ecological Emergency Programme](#)

[Public Sector Decarbonisation Scheme](#) (PSDS): capital grants for public sector bodies to fund energy efficiency and heat decarbonisation measures

[Public Sector Low Carbon Skills Fund](#): funding to develop and deliver projects suitable for funding through the PSDS

Revenue Cost	£	Source of Revenue Funding	
Capital Cost	£720k	Source of Capital Funding	£320k Public Sector Decarbonisation Scheme £400k Facilities management 21/22 Capital Programme

One off cost <input checked="" type="checkbox"/>	Ongoing cost <input type="checkbox"/>	Saving Proposal <input type="checkbox"/>	Income generation proposal <input type="checkbox"/>
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Required information to be completed by Financial/Legal/ICT/ HR partners:

1. Finance Advice:

In March 2021, the Energy Service have been successful in securing a Public Sector Decarbonisation Scheme (PSDS) grant award of £0.320m, along with Property maintenance capital funding and going to replace the end-of-life heating system in the BCC owned building – The Welsman, with a modern renewable heating system. Following initial feasibility studies, the work required was identified to be under £0.5m and an Officer Executive Decision (OED) was drafted and signed off. However, due to increases in costs, labour shortages and additional work required to the mains electricity supply, tenders submitted were more than +£0.5m, which now requires an emergency key decision give the deadline to complete the project is March 2022.

The Capital project costs are now expected to cost £0.720m and will be funded by the PSDS grant of £0.320m and £0.4m of Property’s Facilities Management Capital Programme funding for 2021/22.

There are a number of risks associated with the project, including:

- The timescale to complete the project by March 2022 – mitigations to would include, good project management, key milestones and reporting
- Securing the contracts to complete the required works within the funding and timescale – hence the emergency decision to get them sign this month October 2021
- Containing the costs within the £0.7m funding envelope – effective contract management relationships, closely monitoring of contracts and costs throughout the project
- Using the grant funding first on the permitted works before March 2022, to ensure funds are not returned and reputation risk is not damage for future low carbon heating funding applications
- Ensuring the alternative solution, of resulting to a new fossil fuel heating system is not required, as this would be more expensive, not work towards the Council’s policy on being carbon neutral by 2025”

The highlighted risks will need to be carefully managed and mitigated and any additional costs implications is expected to be met from the FM capital programme budget.

The report requests that Cabinet note the decision taken.

Finance Business Partner: Kayode Olagundoye, Interim Finance Business Partner, 21st October 2021

2. Legal Advice: Legal support was provided for the procurement process and the necessary actions have been followed in order for an emergency decision to have been taken by the Executive Director – Growth and Resources in accordance with paragraph 7.4 of the Mayor’s scheme of delegations.

Legal Team Leader: Husinara Jones, 21 October 2021

3. Implications on IT: No anticipated impact to IT/Digital Services

IT Team Leader: Simon Oliver, Digital Transformation Director, 22 October 2021

4. HR Advice: Having reviewed the proposal I can see no obvious HR implications.

HR Partner: Chris Hather, HR Adviser, 22 October 2021

EDM Sign-off	Stephen Peacock	4 th November 2021
Cabinet Member sign-off	Cllr Nicola Beech	16 th November 2021
For Key Decisions - Mayor’s Office sign-off	Mayor’s Office	15 th November 2021

Appendix A – Further essential background / detail on the proposal - Officer Executive Decision	YES
Appendix B – Details of consultation carried out - internal and external	NO
Appendix C – Summary of any engagement with scrutiny	NO
Appendix D – Risk assessment	YES
Appendix E – Equalities screening / impact assessment of proposal	YES
Appendix F – Eco-impact screening/ impact assessment of proposal	YES
Appendix G – Financial Advice	NO

Appendix H – Legal Advice	NO
Appendix I – Exempt Information	No
Appendix J – HR advice	NO
Appendix K – ICT	NO
Appendix L – Procurement	NO