

Executive Member Decision



REPORT OF: Executive Member for Finance and Governance

LEAD OFFICERS: Strategic Director of Place

DATE: Friday, 3 September 2021

PORTFOLIO(S) AFFECTED: Growth and Development

WARD/S AFFECTED: Little Harwood and Whitebirk;

SUBJECT:

EMD_Selection of Contractor

1. EXECUTIVE SUMMARY

Selection of a contractor to supply and install air source heat pumps at Blackburn Technology Management Centre to replace electric storage heaters.

2. RECOMMENDATIONS

That the Executive Member approves the selection of VWG Mechanical Ltd to supply and install air source heat pumps at Blackburn Technology Management Centre.

3. BACKGROUND

This project is part of a package of schemes funded by the Public Sector Decarbonisation Scheme to reduce emissions of carbon dioxide from the public sector estate.

Blackburn Technology Management Centre (BTMC) is heated by electric storage heaters. These heaters are 25 years old and inefficient. The grant scheme offered an opportunity to modernise the heating system as well as reduce the building's carbon emissions.

The scheme involves the installation of three banks of five air source heat pumps in the grounds of BTMC, pipework to connect the pumps to the building, installation of radiators and removal of the old storage heaters. The heat pumps are expected to reduce the building's electricity demand for heat by 80% and cut emissions by 42 tonnes of carbon dioxide a year. Heat allocators are included in the scheme meaning tenants will pay for the heat they consume.

Planning applications for the heat pumps have been submitted to both Blackburn with Darwen and Hyndburn Planning Authorities as the borough boundary cuts through the site. The application will be determined at the September meeting of the Planning and Highway Committee.

An invitation to supply and install air source heat pumps at BTMC was advertised as an open tender on The Chest, the northwest procurement hub. Four submissions were received, all of which were compliant bids.

The bids were evaluated on a 60% price and 40% quality basis, which included social value (5%) and scored as follows:

Contractor	VWG Mechanical Ltd	Contractor B	Contractor C	Contractor D
Price Score	50%	60%	27%	18%
Quality Score	39%	15%	39%	22.50%
Total Score	89%	75%	66%	40.50%
Ranking	1	2	3	4

The winning bidder provided a good quality return with realistic timescale and demonstrating an understanding of the Public Sector Decarbonisation Scheme grant that is funding the work. Further, the contractor offered materials to an equivalent standard to those specified, resulting in a lower cost for the scheme.

4. KEY ISSUES & RISKS

Scheme costs are over budget. Heat allocators to enable tenants to be billed have been added to the project and the Building Management System has been included in this project rather than the separate BMS strand of the Decarbonisation Programme. The main reason for the increase, however, is the current economic climate, caused by post-Covid demand and Brexit, which are driving up costs. The Public Sector Decarbonisation Scheme, designed to be an economic stimulus, has contributed to the situation as it has increased demand for a limited range of decarbonisation works in a very short space of time.

The programme can absorb the increase and remain compliant overall. A change request will be submitted to Salix, the grant administrators, for a revision to the programme and an extension to the deadline for completion to February 2022, which the contractors have given assurance can be met. The request is expected to be approved. Salix recognises that as projects are delivered, there are occasions when applicants decide that they wish to request changes to the terms of the grant awarded to deal with new circumstances.

The proposals have been discussed with Planning and with Building Control and no issues have been identified. The necessary permissions are expected to be forthcoming.

5. POLICY IMPLICATIONS

The scheme helps to deliver a reduction in carbon emissions and contributes to the Council's Climate Emergency Declaration and ambition to be carbon neutral by 2030.

6. FINANCIAL IMPLICATIONS

The cost of the supply and installation of the heat pumps will be met from the Public Sector Decarbonisation Scheme, a capital grant awarded to the Council in March 2021.

7. LEGAL IMPLICATIONS

The invitation to tender was advertised through The Chest. Appointment of the contractor and management of the contract will follow the Council's contract and procurement procedures.

8. RESOURCE IMPLICATIONS

Project management is being undertaken by Capita, the cost of which is being met by the Public Sector Decarbonisation Scheme Grant.

9. EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below.

Option 1 ☒ Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2 ☐ In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision.

10. CONSULTATIONS

None

11. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

12. DECLARATION OF INTEREST

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded in the Summary of Decisions published.

CONTACT OFFICER:	Gwen Kinloch, , gwen.kinloch@blackburn.gov.uk
DATE:	1 st September 2021
BACKGROUND PAPER:	