

WELWYN HATFIELD BOROUGH COUNCIL
CABINET – 15 JUNE 2021
REPORT OF THE CHIEF EXECUTIVE

AWARD OF DECARBONISATION CONTRACTS

1 Executive Summary

- 1.1 Cabinet approval is sought to dispense with Contract Procedure Rules in appointing Design Installation Service Limited (DIS) and Barry Beard Limited (BB) to deliver the decarbonisation schemes to Hatfield Swim Centre, Campus East and Campus West.
- 1.2 DIS have a proven track record for completing schemes like these within similar building types.
- 1.3 The Part II report on this matter, sets out the frameworks and suppliers approached before recommending a dispensation of the Contract Procedure Rules.

2 Recommendation(s)

- 2.1 That in accordance with paragraph 14k (Alternative Procedures in Prescribed Circumstances) of the Contract Procedure Rules, that Cabinet agree to appoint Design Installation Service Limited to act as Principal Contractor with a separate appointment to Barry Beard Limited to undertake work in 2021 in accordance with the information and reasons contained in this report.
- 2.2 That Cabinet approve the drawdown of £196k from earmarked reserves for the council's contribution towards the total project cost of £2.559m. The remaining £2.363m of costs will be met by grant funding received.

3 Explanation

- 3.1 In March of this year the Council was successful in obtaining grants from the central government funded decarbonisation scheme for Campus East, Campus West and Hatfield Swim centre.
- 3.2 Started by the Department for Business, Energy and Industrial Strategy, this scheme was made available for public bodies to apply for funding specifically for the installation of low-carbon heating measures in non-domestic public buildings, to replace end of life fossil fuelled heating systems with low carbon heating systems.
- 3.3 A condition within the Salix grant approval stipulates the schemes must be completed by September 2021, this has a direct impact on the ability to follow the usual route for procuring suppliers.
- 3.4 In order to fast track the tender process, the use of two national frameworks were considered, but it was not suitable to proceed with these for the reasons set out in the part II report.
- 3.5 Mechanical & electrical services contractors who had previously delivered for the council's appointed consultants on similar previous projects were approach for

quotations. Two companies who work closely together, DIS Limited and Barrie Beard Limited were identified as being suitable and were approached to provide an alternative tender.

- 3.6 DIS Ltd and Barrie Beard Limited have taken a pro-active approach to the tender process, have visited the sites on a number of occasions and have actively engaged with the Consultants and Client team to develop the design proposals into a financially viable offer whilst still delivering the overall carbon reduction targets set by the Salix Grant.
- 3.7 A final tender offer from DIS / Barrie Beard Ltd has been received, totalling £2.284m.
- 3.8 On this basis the recommendation is, subject to the satisfactory conclusion of the contract arrangements, to proceed with the combined offer of £2.284m from DIS Ltd & Barrie Beard Ltd as being the most economically advantageous tender.

Implications

4 Legal Implication(s)

- 4.1 The contract is considered to be a Works contract. The threshold for a mandatory competition is £4,733,252
- 4.2 The proposal is below the threshold for the Public Contracts Regulations 2015 and the European Procurement Directives to be applicable,
- 4.3 Paragraph 14(k) of the council's Contract Procedure Rules provides 'where the Cabinet agrees a report from a Corporate Director detailing a case where it is to the advantage of the Council that these rules should be waived'.

5 Financial Implication(s)

- 5.1 The total contract sum will be £2.284m. The grant award total is £2.363m.
- 5.2 For the Hatfield Swim Centre, the project was initially scoped for the replacement of the heating system only. Through more detailed design, the swimming pool heating has been able to be incorporated. The swimming pool boilers, although not quite at end of life, are reaching the end of their useful life, and their incorporation into the solution design will remove the need for the capital replacement in the coming years.
- 5.3 In addition to the construction fees, there will be associated professional fees with these projects. The total budget requirement, including fees will be £2.559m against the grant income of £2.363m, leaving £196k to be funded by the council. It is recommended that these costs be funded by the Civic Buildings Reserve which has a balance of £298k. The purpose of the reserve is to support with any large unforeseen property costs arising during the year, so is in keeping with its purpose. Consideration will be given to topping this reserve up as part of the financial outturn position.
- 5.4 Following approval, the budget for these projects, which will be financed by ringfenced grant funds of £2.363m and reserves of £196k, will be set up by the Section 151 officer in line with section 4.3.3 and 4.3.4 of the Financial Regulations.
- 5.5 The replacement of mechanical and electrical equipment will generate ongoing annual efficiencies for the council, through the reduction of utility costs. These efficiencies are estimated to be in the region of £80k per annum.

6 Risk Management Implications

6.1 The risks related to this proposal are:

6.2 That the council are not able to complete the scheme by the date set out within the conditions of the grant funding.

The Building Services team are adept in delivering schemes of this size through normal procurement procedures however the timeframes set out in the Salix agreement pose a considerable risk to the funding making them potentially unviable if the proposed route is not agreed.

Inherent risk: Likelihood High / Impact Medium

Managed risk: Likelihood Low / Impact Medium

7 Security & Terrorism Implication(s)

7.1 None relating directly to this report

8 Procurement Implication(s)

8.1 Section 14(k) of the Contract Procedure Rules (Alternative Procedures in Prescribed Circumstances) provides the provision to enter into a Contract without competition 'Where the Cabinet agrees a report from a Corporate Director detailing a case where it is to the advantage of the Council that these rules should be waived.'

8.2 It is considered that this exception is applicable following extensive engagement with the marketplace to secure a contractor through existing frameworks.

8.3 Due Diligence is being undertaken with the two contractors to ensure that they meet with the minimum requirements of a contract of this nature.

9 Climate Change Implication(s)

9.1 This report is linked to the Council's climate change pledge.

9.2 The replacement of the equipment at the three sites with the new solutions is expected to generate a reduction of just under 500 tonnes of carbon emissions.

10 Human Resources Implication(s)

10.1 There are no direct HR implications arising from this report.

11 Health and Wellbeing Implication(s)

11.1 There are no direct Health and Wellbeing implications arising from this report.

12 Communication and Engagement Implication(s)

12.1 There are no direct Communications and Engagement implications arising from this report.

13 Link to Corporate Priorities

13.1 The subject of this report is linked to the Council's Corporate Priority – Maintaining and Enhancing a Cleaner and Greener Environment.

14 Equality and Diversity

- 14.1 An EqlA was not completed because this report does not propose changes to existing service-related policies or the development of new service-related policies.

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Background papers to be listed (if applicable)