

Committee Name: Cabinet

Committee Date: 09/06/2021

Report Title: To award a contract for district heating at the Devonshire Street area of Norwich

Portfolio:	Councillor Harris - Deputy leader and social housing
Report from:	Executive director of community services
Wards:	Mancroft
OPEN PUBLIC ITEM	

Purpose

To consider awarding a contract for districting heating at the Devonshire Street area of Norwich.

Recommendation:

To approve the award of a contract for district heating at the Devonshire Street area of Norwich to Gasway Services Limited, from 08 September 2021 to 31 October 2022 and the contract is valued at £926,561.92

Policy Framework

The Council has three corporate priorities, which are:

- People living well
- Great neighbourhoods, housing and environment
- Inclusive economy

This report meets the great neighbourhoods, housing and environment corporate priority.

This report helps meet build and maintain a range of affordable and social housing strategic action in the Corporate Plan

This report helps to meet Norwich Standard adopted policy of the Council

This report helps to meet Housing, regeneration and development objective of

the COVID-19 Recovery Plan

Recovery Plan

Report Details

1. The council owns and manages a district heating scheme serving dwellings at, Devonshire Street, Clifton Street, Derby Street, Cardigan Place, Goldsmith Street (non Passivhaus properties), Langley Walk, Midland Walk, Napier Place, Old Palace Road and Russel Street in Norwich. The district heating scheme serves 387 dwellings in total with 139 of these being leased dwellings. The proposal is to refresh the internal heating systems serving the council operated dwellings, 248 in number due to age, obsolescence and condition. (non passivhaus properties)
2. The existing heating systems, (pipework, radiators, heat exchangers and cylinders) are original from the time of construction in 1976 to 1982
3. The scope of the works includes the installation of a twin-plate heat interface unit and replacement of all internal system pipework, space heating radiators, isolation valves, hot water storage cylinder, and user controls.
4. Benefits of the works include:
 - address the potential issues of system failure and water leak damage due to component deterioration
 - contribute towards a more efficient overall system by the replacement of the existing basic mechanical controls with poor insulation and the fitting of A-rated appliances with improved thermal insulation and modern user controls
 - any Legionella risk associated with stored cold water will be removed as the dwelling's storage tank will no longer be required.
 - extend the life expectancy of the internal dwelling district heating system ensuring a reliable and serviceable system for the next 20 years
5. The works will be implemented via a heating installation procurement framework set up by Eastern Procurement Ltd (EPL). As a member of EPL, the council benefits from the lower rates achieved from aggregation of member requirements.
6. A mini competition tender exercise was conducted by EPL using the existing Heating Installation framework
7. A further competition was conducted, the seven suppliers on the framework were invited to tender for the works. Only one supplier Gasway Services Limited, provided a tender return and other suppliers were unable to meet resourcing capacity and timing.

8. The pricing has been defined below

Average Price per dwelling £

System	Gasway
Type A	£3,526.15
Type B	£3,719.79

9. Please note prices were obtained for two different system options, type A and B, to allow for on-site District Heating system water pressure variations. The final installed system is likely to be a mix of the two system options.
10. The pricing evaluation was based on the Contractors price for a Type A installation to every property on the address list. In the event that the property was not suitable for a Type A installation, we established a Type B installation price for every archetype (rather than each individual address), making the evaluated tender price total of £926,561.92. The contract is valued at £926,561.92 for the period 08 September 2021 to 31 October 2022, subject to annual budget setting and satisfactory performance and quality being met.

Consultation

Councillor Harris - Deputy leader and social housing has been briefed on the report and supports the proposals.

These works are not subject to leaseholder consultation. Leaseholders will be offered the heating upgrade directly from Gasway Services Limited as a private agreement between both parties.

Implications

Financial and Resources

This work has been identified to be included within the 2021/22 HRA capital programme and will be funded from the approved £3.575m communal boiler upgrade budget.

Legal

There are no legal implications. These works ensure that the Norwich Standard for housing is upheld so that tenants can live in safe, well maintained homes

that are fit for purpose, and comply with current social landlord legislation. These works further reduce the risk of Legionella by removal of cold-water storage tanks and hot water cylinders adhering to the Approved Code of Practice L8 4th Edition.

The current installation is not compliant with Part 'L' of the Building Regulations whereas the new installations are.

The new installations will be able to support the new Heat Networks Metering and Billing Regulations.

Environmental

Hot water storage will be removed and therefore reducing the risk of Legionella. The heating controls are substantially improved and will be more efficient in controlling temperature, further improvements will be made to the insulation on the delivery pipe work therefore reducing heat loss. Pipe work internally shall be configured to reduce the length of the runs as well as replacing the old radiators to more energy efficient versions. The heat interface unit is a series of plates that heat the water and the gas usage will significantly be reduced.

Statutory Considerations

Consideration:	Details of any implications and proposed measures to address:
Equality and Diversity	Neutral
Health, Social and Economic Impact	These works ensure that the Norwich standard for housing is upheld so that tenants can live in safe, well maintained homes that are fit for purpose, and comply with current social landlord legislation. The recommended supplier is a local company employing local people.
Crime and Disorder	Neutral
Children and Adults Safeguarding	The supplier must adhere to the councils Safeguarding Policy statement.
Environmental Impact	New installations will provide efficiency benefits and use less gas and electric for heating buildings. Efficiencies will compliment the reduction towards climate change.

Risk Management

Risk	Consequence	Controls Required
Current outdated systems that were as built, parts are	Tenants could be left with no heating or hot water and	Replace the current system

obsolete and could fail at any time	pose a risk to property damage	
There is a risk that the supplier could fail during the life of the contract.	The works would not be completed and would not be completed to the timeline.	Using the current framework, contractor accounts are audited and checks carried out.
The security, legal, political or reputational risks to the council.	Possible publicity as a result of the above	Mitigated as best as possible by using the framework and approved contractor through regular communications
Water Hygiene and microbiological organisms causing illness.	If the current systems are not upgraded the risks of Legionnaires Disease are still current	Removal of the existing water tanks and cylinders as part of this upgrade
The current system does not meet with building regulations standards	These works will address the potential issues of system failure and water leak damage due to component deterioration	The new system will be compliant to the Building Regulations

Other Options Considered

Do nothing: This could lead to the risks described in the risk management table crystallising.

The proposed works will address the potential issues of system failure and water leak damage due to component deterioration and are therefore recommended.

Procurement frameworks: Other specialist procurement frameworks were considered. The selected EPL framework included and local small and medium suppliers still promoting value for money.

Reasons for the decision/recommendation

11. As in the report details above

Tracking Information

Governance Check	Date Considered
Chief Finance Officer (or Deputy)	25/5

Monitoring Officer (or Deputy)	
Relevant Executive Director	18/5

Background papers: Not applicable

Appendices: Not applicable

Contact Officer:

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