

<b>Report to</b>	Cabinet 11 July 2018	<b>Item</b>
<b>Report of</b>	Director of neighbourhoods	<b>10</b>
<b>Subject</b>	Procurement for the supply, installation and commissioning of a temporary boiler plant room and equipment at Barnard's Yard.	

## KEY DECISION

### Purpose

To inform cabinet of the procurement process for installing a temporary boiler room to continue district heating at Barnard's Yard, and to seek approval to delegate authority to award the contract

### Recommendations

To delegate approval to the director of neighbourhoods in consultation with the portfolio holder for social housing to award the contract for installing a temporary boiler room to continue district heating at Barnard's Yard.

### Corporate and service priorities

The report helps to meet the corporate priority a healthy city with good housing.

### Financial implications

The costs arising from this decision will be met from the approved budgetary provision within the HRA capital and revenue programme for 2018/19.

**Ward/s:** Mancroft

**Cabinet member:** Councillor Harris - deputy leader and social housing

### Contact officers

Lee Robson, head of neighbourhood housing 01603 212939

Carol Marney, associate director NPS Norwich 01603 227904

### Background documents

None

# Report

## Introduction

1. The council is proposing to sell Mary Chapman Court a complex of flats on Duke Street, built in the 1970's. The complex is heated by a district heating system which also serves dwellings at Colegate, Barnard's Yard & Coslany Street.
2. As part of the proposed sale of Mary Chapman Court it is necessary to include the present district heating boiler plant room therefore, the council has to find alternative means to provide heating and hot water for the remaining 87 dwellings at Colegate, Barnards Yard & Coslany Street, some of which are leased to housing associations.
3. One option is to provide individual gas boilers for each property however this is not as fuel efficient as a district heating system. Energy consumption could rise by as much as 30% which would result in an unacceptable increase in tenants' fuel bills as well as the overall carbon footprint of the council and city.
4. There still exists the opportunity to link the properties to a new district heating plant room using the existing communal heat distribution system pipework. The new plant room option presents the opportunity to utilise a renewable energy heat source.
5. The cost of installing individual boilers would be in the region of £410,000. The cost of installing a district heating system utilising a renewable source is estimated at £1,468,000, however a renewable system would be eligible for renewable heating incentive (RHI) which would pay back 99% of the initial cost over a twenty year period.
6. Officers recognise the importance of reducing fuel poverty and carbon emissions and it is with this in mind that a ground source heat pump (GSHP) system is proposed. Ground source heat pumps use a system of pipes buried in the ground to extract heat from the ground. This heat can then be used to heat radiators, underfloor or warm air heating systems and hot water in your home.
7. NPS Norwich has sought advice from specialist suppliers in this field to enable a business case to be prepared. However, the timeframe for the project is such that a temporary gas fired external district heating system will need to be installed prior to the approvals and tendering of the proposed GSHP installation. This will allow time for development of the GSHP system and plans for the site to be worked through with the council and the residents.
8. A further report will be brought to cabinet on the procurement of the permanent GSHP solution, including the financial benefits of claiming RHI. This report focuses upon the procurement of the temporary boiler system which will maintain the heating and hot water of the 87 dwellings once the Mary Chapman Court system is decommissioned. It will be located in the Barnard's Yard car park, subject to receiving planning consent, and will reduce the number of spaces by two or three. The estimated cost of these works is £388,500. This

includes utility works and relocation of pipework which will be used as part of the permanent GSHP system.

### **Procurement Process**

9. The opportunity will be advertised on the council's e-procurement portal and Contracts Finder with a return date of the end of July.
10. Suppliers will be asked to submit details of their organisation in terms of finance, contractual matters, insurances, quality assurance, environmental standards, health and safety, equality and diversity credentials, references and previous experience. These aspects will be evaluated to ensure that suppliers met the Council's basic requirements.
11. At the same time suppliers will be asked to submit details in the form of method statements proposing how they will meet the requirement for the work package and the price that they will charge to carry out this work. These method statements will be evaluated once it had been confirmed that the supplier has met the Council's basic requirements.

### **Tender evaluation**

12. The supplier selection process requires suppliers to complete a questionnaire. The responses given will be evaluated against pre-determined criteria. This quality assessment carries a maximum of 40% of the marks. The lowest price will be allocated 60% of the marks and marks will be deducted, pro-rata, with each increasing tender price.
13. The supplier with the highest cumulative score is deemed the best value submission. The results will be reported to the Director of neighbourhoods and the Portfolio holder for social housing.

## Integrated impact assessment



**NORWICH**  
City Council

The IIA should assess **the impact of the recommendation** being made by the report

Detailed guidance to help with the completion of the assessment can be found [here](#). Delete this row after completion

### Report author to complete

<b>Committee:</b>	Cabinet
<b>Committee date:</b>	11 July 2018
<b>Director / Head of service</b>	Lee Robson
<b>Report subject:</b>	Procurement of temporary plant room and equipment at Barnard's Yard
<b>Date assessed:</b>	19 June 2018
<b>Description:</b>	Installation of a temporary boiler room to continue district heating at Barnard's Yard,

	Impact			
<b>Economic</b> (please add an 'x' as appropriate)	<b>Neutral</b>	<b>Positive</b>	<b>Negative</b>	<b>Comments</b>
Finance (value for money)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Open tendering will ensure that best value is achieved.
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The annual heating costs of district heating are less than individual boilers.
<b>Social</b> (please add an 'x' as appropriate)	<b>Neutral</b>	<b>Positive</b>	<b>Negative</b>	<b>Comments</b>
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	This is the first step towards installing a renewable heat source.
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments

	Impact			
<b>Risk management</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	There is a low risk that the appointed supplier could fail during the life of the contract. There is little risk to the council as it is not investing in the supplier. The risk is one of service continuity rather than financial which is further mitigated by the fact that the contract is planned in nature.

Recommendations from impact assessment	
<b>Positive</b>	
The works will help to reduce fuel poverty and reduce consumption of energy from fossil fuels.	
<b>Negative</b>	
<b>Neutral</b>	
<b>Issues</b>	