

Report to Andrew Edwards, Director Property and Assets

December 2021

Endorsement of Procurement and Award of Contract: Heating Plant Parkside, Horsham

Report by Leigh Houlgrave – Corporate Project Surveyor

Electoral divisions: All

Summary: Parkside is a commercial administrative office owned by West Sussex County Council in Horsham functioning 24 hours a day seven days a week. The boilers supplying the heating and hot water are 28 years old and obsolete and started to fail.

A feasibility study was delivered by county council consultants in October 2020 looking at all options to heat the building going forward and its recommendation was

- The existing boilers are replaced with new highly efficient units.
- A new pumping and control system is installed, reconfigured to operate more efficiently and allow integration of renewable technology in the future
- Installation of new calorifiers of reduced capacity to supply the required hot water demands.

Funding will come from the previously allocated block Capital Maintenance programme.

A competitive procurement exercise to secure best value and Contractor performance was undertaken in accordance with the Public Contracts Regulations 2015 and the Council's Standing Orders on Procurements and Contracts.

Recommendation: That the Director of Property and Assets awards the contract for full refurbishment of the plant room at Parkside to Corrigenda LTD for the sum of £612.311.30.

Proposal

1 Background and context

- 1.1 The heating plant at Parkside is now 28 years old and beyond its design life. Pumps and boilers are starting to fail. In spells of really cold weather it has been a challenge to keep up the internal temperatures especially when any of the four boilers failed. A feasibility study was undertaken by the Council's multidisciplinary consultant in October 2020 and recommended the

refurbishment of the plant room to not only include upgrade the boilers but also pumps, valves, controls, etc. to increase heating efficiency, give flexibility to incorporate low carbon technologies including potential use of hydrogen/biogas as the gas network is de-carbonised. The boilers and flues themselves will represent around 40% of the project costs, all other plant would be needed no matter what the heat source.

- 1.2 Following a discussion with WSCC engineers an initial budget of £480k was set aside for the actual works based on outline proposals, plus consultant's fees circa £40k.
- 1.3 Once fully designed the pre-tender estimate from the consultants was £790k. Standing orders therefore required a key decision be published to approve the procurement and letting of the contract.

2 Proposal details

- 2.1 The procurement team chose to run a closed single stage tender to select a Contractor to carry out the works. This approach was approved by the commercial panel on the 08 October.
- 2.2 The tender was issued to nine contractors via the shared services portal on the 13 October.
- 2.3 The consultant met with seven contracting firms on site during the tender period.
- 2.4 Five returns were received by the closing date of 12 November.
- 2.5 The returns were assessed by WSCC engineers and consultants between 16 November and 30 November.

The invitation to tender identified and set out a key criteria three stage requirement:

1. Compliance of the tender requirements
2. Quality of the Contractors previous projects, organisation, H&S record, project team qualifications, draft programme and social value.
3. Cost in relation to the pretender estimates.

After the compliance and quality assessments two contractors did not meet the minimum threshold, leaving three contractors to be assessed on costs.

- 2.6 The highest scoring contractor Corrigenda LTD has worked successfully on a number of similar projects in the WSCC's school capital programme.
- 2.7 It is intended that the contract be awarded as soon as possible, so the successful contractor can start procuring plant to avoid any future price rises. A start date of the 28 February 2022 has been given for enabling work before the heating season is over, with a completion date of the 22 August.

3 Other options considered (and reasons for not proposing)

- 3.1 Leaving the existing boilers and plant in situ is not a viable option as the boilers become more unreliable and parts unavailable, jeopardising keeping the Parkside building open during winter.

The boilers also supply hot water to the building essential for maintaining hygiene (e.g handwashing) particularly important in the current pandemic.

- 3.2 Current renewable technology was considered such as air source heat pumps (ASHP) but these did not currently offer an immediate solution, and require a considerable element of improvement beyond available Capital Maintenance funding. Because ASHP's current output temperature is a lot lower, they would not heat the building sufficiently and provide hot enough water to the calorifier. The current heat emitters which are believed to still have 10 – 15 years life remaining, would have to be changed and building fabric improvements made. This would be very disruptive, and time consuming and will require considerable planning and capital investment.

In addition, there is little spare electrical capacity on site and nowhere to easily site ASHP near the underground intake room. They also at the current time would be more expensive per KW/H.

In the medium-term consideration will be given to incorporating renewable technologies that will work for the building, and bidding for carbon reduction funding to improve insulation to the fabric and upgrade the heat emitters.

- 3.3 An open tender was rejected to avoid a large number of bids from unsuitable contractors.

4 Consultation, engagement and advice

- 4.1 The Council's multidisciplinary consultant has undertaken the design and procurement of the works, including validation of all design and costs. Areas of the building are sub-let to other agencies and a stakeholder consultation will take place with them. All will be updated as the project progresses. There will be contingency arrangements made for stand-by boilers should the project extend into the heating season.

- 4.2 The Cabinet Member for Finance and Property has been consulted.

5 Finance

5.1 Revenue Consequences

Reduction in reactive callouts and parts to keep existing boilers, pumps, controls etc. running. Reduction in facilities management (FM) staff time in investigating faults and initialising and monitoring call outs, contractors etc.

5.2 Capital consequences

The increased capital costs will be covered by drawing down from the Structural Maintenance block allocation budget as indicated in the below table.

- 5.3

Capital Programme allocation	2021/22 £m	2022/23 £m	Total £m
Current Approved Budget – Structural Maintenance	3.06	2.80	5.86

Actuals to end of November 2021	1.20	0.00	1.20
Change to proposal	0.61	0.00	0.61
Remaining budget	1.25	2.80	4.05

5.4 The effect of the proposal:

(a) **How the proposal represents good value**

The proposal allows for the building to keep operational 24/7 with a minimum of disruption with guaranteed temperatures during the heating season.

(b) **Future savings/efficiencies being delivered**

The replacement boilers will have an increased efficiency of 13% increasing to 23% when in super high condensing mode. Reducing gas consumption by around 400,000 Kwh (kilowatt hours) saving around 73.6 Tonnes of carbon and £21,000 p.a.

The replacement of the old pump system should reduce electrical consumption by around 40,000 KWH saving 7.6 Tonnes of carbon and £ 7,300 p.a.

The upgrades will also allow integration with a Combined Heat and Power unit now on site, but unable to operate fully until the heat produced is integrated into the circulation system.

Other than servicing there should be no reactive maintenance requirements on the new plant for a number of years.

(c) **Human Resources, IT and Assets Impact**

This proposal will increase comfort for building users, safeguard the buildings operation as a vital hub for not only WSCC but its tenants, such as Horsham DC and Public Health England. It will also reduce demands on FM staff dealing with callouts etc.

6 Risk implications and mitigations

Risk	Mitigating Action (in place or planned)
Delays or refusal of decision will delay upgrade before next heating season	Consider reconfiguration of pumps etc. so emergency boilers could be brought in if required.
Contractor produces poor delivery	Robust procurement process, with appropriate vetting.
Contractor subject to supply chain shortages or price increases beyond their control.	Contract to be entered into as soon as possible, to allow contractor to place orders prior to any price rises and to allow sufficient lead in time. There has been a 10% contingency included in the contract sum.

7 Policy alignment and compliance

- 7.1 Legal Implications – The procurement process undertaken was fair and robust in accordance with Public Contracts Regulations 2015 and the Council’s Standing Orders on Procurements and Contracts.
- 7.2 Equality duty and human rights assessment – it is considered that no persons or groups with protected characteristics would be differently affected by the proposals when compared to those without protected characteristics.
- 7.3 Climate change – the effects of climate change have been considered and while the installation of air source heat pumps was ruled out at this time measures will be taken to ensure that the heating plant installed has flexibility to incorporate low carbon technologies in the future including potential use of hydrogen/biogas as the gas network is de-carbonised.
- 7.4 Public health – consideration has been given to ensuring a comfortable working environment for the user of the Parkside building in terms of sufficient warmth in the cooler months of the year.
- 7.5 Social value – the procurement of an efficient heating plant for Parkside will improve the attractiveness of the building for its users and thus support its economic value. The Contractors submission included details of their apprenticeship schemes and employing local Staff.

Andrew Edwards

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Appendices

None

Background papers

None