



Operational Officer Decision Record – Heat Network Grant Funding Acceptance and resulting Procurement Processes

Where the decision has a financial value of between £100k - £350k and does not have a **significant** impact on two or more wards

1. Subject and details of the matter (to include reasons for the decision and detail of any previous cabinet decision)

The Council have been successful in bidding for Department for Business, Energy & Industrial Strategy (BEIS) funding to undertake a new Detailed Project Design (DPD) study to explore opportunities to decarbonise heat for NHS Northern Lincolnshire and Goole Diana Princess of Wales Hospital (DPoW) estate and Grimsby TEC Partnership (GTP, formerly Grimsby Institute) to include various estate sites, and assess future opportunity in the form of a district heating network solution. The award also includes project management resource funding to support the project delivery.

Development of heat network projects has previously been included in Councils Energy Vision and in the recent NELC Carbon Road Map action plan approved by cabinet December 2021.

The BEIS grant funding requires match funding and NELC are working in partnership with both NHS NLAG and GTP, with NHS NLAG committed to provide the full match funding required for this project stage.

This ODR seeks approval to move forward with this project via acceptance of BEIS grant funding amount of £204,100, entering into agreement with BEIS via signing of BEIS Memorandum of Understanding between BEIS and NELC -attached, to

proceed with match funding in line with the Business case accepted from NHS NLAG, proceed with procurement and contract award of the project management resource and proceed with procurement of the DPD study up to the point of contract award. This will enable the DPD project to be undertaken and the specialist resource required to support the project to be procured.

2. Decision being taken

1. For the Executive Director for Environment, Economy and Resources, in consultation with the Leader of the Council to accept:

- £204,100.00 of BEIS grant funding (£154,100.00 for DPD project development and £50,000.00 for project management).

- £75,900 of match funding from Northern Lincolnshire and Goole NHS Foundation Trust in line with the principles of the Business Plan approved by Business Development Group on 20/10/21

- to proceed with a procurement exercise and subsequent award of contract for a technical Project Manager to project manage the DPD Study phase, procured via the BEIS suggested frameworks or obtaining of quotes as per the Council contract procedure rules.

- to proceed with an open tender procurement of the DPD Study up to point of Contract Award where a further ODR will be submitted for approval.

3. Anticipated outcome(s)/benefits

In 2019, North East Lincolnshire Council (NELC) supported, and part funded by the government's Department for Business, Energy & Industrial Strategy (BEIS), conducted a detailed feasibility study to examine the feasibility of implementing a heat network within an area surrounding the DPoW estate and Grimsby TEC Partnership (various sites).

The published study, illustrated a strong rationale for developing a heat network solution for the area considered, with a developed project having the potential to:

1. Provide a significant opportunity to reduce carbon emissions in the area, doing so at a scale not achievable by measures at the level of individual buildings.

2. Deliver benefit to end-users/occupiers including:
 - a. Reduced energy costs (modelled at 5% reduction).
 - b. Reduction of heating and power-related carbon emissions.
 - c. Provision of a managed 'energy service', which will mitigate against long-term liabilities and replacement costs of property or dwelling-level energy systems.
3. Provide an economic development opportunity for the town/borough.

The proposal aligns well with the strategic priorities of the draft Council plan, the Council approved Carbon Road Map and action plan and the NHS green plan. De-steaming solutions for the site required by NHS NLAG will be included in the outcome.

4. Details of any alternative options considered and rejected by the officer when making the decision

Rejecting the funding. This option was rejected on the grounds it would have negative impacts in the form of a lost opportunity to use external funding and quickly progress exploration of the possibilities of Heat Network Technologies in contributing towards the strategic priority of the Council's Carbon Road Map, net zero targets and failure to realise the potential benefits outlined above.

5. Background documents considered (web link to be included or copies of documents for publishing)

[8.-Carbon-Roadmap.pdf \(nelincs.gov.uk\)](#)

6. Does the taking of the decision include consideration of Exempt information? If yes, specify the relevant paragraph of Schedule 12A and the reasons

Yes – commercial confidentiality of MOU and also of procurement tender responses which are commercially exempt.

7. Details of any conflict of interest declared by any Cabinet Member who was consulted by the officer which relates to the decision (in respect of any declared conflict of interest, please provide a note of dispensation granted by the Council's Chief Executive)

None

8. Monitoring Officer Comments (Monitoring Officer or nominee)

The acceptance of the funding will be subject to conditionality and the service should ensure its ability to comply.

One of the procurement approaches is a call down from a framework contract which has the benefits of approved suppliers already meeting certain benchmarks and flagging agreement in advance to appropriate terms and conditions. Further, the Council may achieve better terms by combining its volume with the other public bodies also taking part. There are further advantages of assurance in that any such framework by necessity must be compliant with Public Contracts Regulations 2015. A framework approach is considered good practice and comes with its own efficiencies.

The procurement exercise must be conducted so as to comply with the Council's policy and legal obligations, specifically in compliance with the Council's Contract Procedure Rules and the Public Contracts Regulations 2015, and supported by relevant officers. Legal Services will be able to support the completion of the contractual documentation on award.

9. Section 151 Officer Comments (Deputy S151 Officer or nominee)

The project is to be funded through a mixture of external grant and match funding from Northern Lincolnshire and Goole NHS Foundation Trust.

10. Human Resource Comments (Head of People and Culture or nominee)

There are no direct HR implications

11. Risk Assessment (in accordance with the Report Writing Guide)

Environmental risk for wider key partners and NEL community by not accepting the funding, as it will not be possible to progress exploration of the possibilities of Heat Network Technologies as quickly and risk in being unable to contribute towards the strategic priority of the Council's Carbon Road Map and NEL net zero targets.

This is a financial opportunity to utilise effectively external funding via grants available with a key partner providing match funding, freeing up Council funding. It is

not known if this grant funding will be available in future years and therefore is also a financial risk to NELC and partner organisation in needing to identify funding of £280,000 from other budgets, putting pressure on other services to enable the project to be delivered.

There are resource, capacity and quality risks if funding is not accepted, as the grant funding supports procurement of a dedicated technical project manager and access to specialist legal, financial, HR, technical resource to carry out the DPD assessment, which are currently not available in the organisation.

Should the funding not be accepted by NELC there are engagement, stakeholder relationship management and reputational risks, as currently there is high support for the project from key stakeholders who are wishing the project to commence quickly and support activity towards the new zero carbon target.

12. If the decision links to a previous one taken by Cabinet, has the Cabinet Tracker been updated?

n/a

13. Decision Maker(s):

Name: Sharon Wroot

Title: Executive Director for
Environment, Economy and
Resources

Signed: REDACTED

Dated: 25th February 2022

**14. Consultation carried out with
Portfolio Holder(s):**

Name: Cllr P Jackson

Title: Leader of the Council

Signed: REDACTED

Dated: 25th February 2022