



Officer Decision Notice – Key Decision

Report - Open

Appendix 1(b) – **NOT FOR PUBLICATION**

Exempt information within paragraph 3 of Schedule 12A to the Local Government Act 1972 (as amended)

Key decisions taken by an officer are subject to the 5 day call in period from circulation to Members, and therefore the decision will be released for implementation following the call-in period and no call in being received

1. Cabinet date and copy resolution this key decision relates to

Cabinet Meeting of 11 April 2018 – Report on Heat Networks

The Cabinet resolution (DN.135) was as follows:

- (1) That the findings of the Heat Mapping and Master Planning stage of the Heat Network project as set out in the report be noted.
- (2) That the Director of Economy and Growth be authorised in consultation with the Portfolio Holder for Energy and Environment, Strategic Commissioning Lead Energy and Environment and S151 officer to accept funding, should this be awarded, and commence a procurement exercise for the recruitment of specialist resources as set out in this report;
- (3) That the Director of Economy and Growth be authorised in consultation with the Portfolio Holder for Energy and Environment, Strategic Commissioning Lead Energy and Environment and S151 officer to award such contracts;
- (4) That the Monitoring Officer be authorised to execute all documentation in connection with the award.

- (5) That the findings of the Techno-economic Feasibility stage of the project be considered by Scrutiny prior to further consideration by Cabinet.

2. Subject and details of the matter (to include reasons for the decision)

Following the Cabinet resolution in 2018, the Techno Economic Feasibility Heat Network Study, which centred on the main anchor customers of the Diana, Princess of Wales Hospital (DPoW) and Grimsby Tec Partnership (GTP - formerly the Grimsby Institute/GIFHE) was undertaken.

Next steps required

The next step is now to undertake the Detailed Project Development (DPD) phase study of the North East Lincolnshire's Central Heat Network Project. The aim of this DPD study is to determine whether the identified heat network opportunity is sufficiently viable to take through to commercialisation and delivery and it is the Council's ambition to submit an application to the Green Heat Network Fund. The previous study determined that the heat network could be served by an energy centre located on the Diana, Princess of Wales Hospital site, which also seeks to decarbonise its energy provision.

In order to undertake the DPD stage, a procurement exercise was undertaken for the following packages:

Package 1 - The Technical, Financial and Commercial work packages, which were procured in 2 Lots:

Lot 1 – De-steaming Study – Vital Energi was the successful bidder

Lot 2 – Main Heat Network DPD Study – Vital Energi was the successful bidder

Further detail is contained in the closed appendix.

Package 2 – Legal Package

This is to procure the support of a legal expert, to undertake all legal work that is required to secure approval to proceed with the development of a heat network. Burges Salmon was the successful bidder.

Funding

Working with Northern Lincolnshire and Goole NHS Foundation Trust and Grimsby Tec Partnership, the Council was awarded funding from HNDU (the Government's Heat Network Development Unit) to proceed with procurement of Lot 2 DPD Study and the legal expert package. The NHS Foundation Trust has provided the funding for Lot 1 Desteaming Study.

The procurement process was conducted within the confines of Council process and compliant.

3. Decision being taken

The decision is:

That the Director of Economy, Environment & Infrastructure in consultation with the Leader of North East Lincolnshire Council do award the contract to the successful contractors against the current budget for the Heat Network, to proceed to the contract stage and subsequent implementation and mobilisation, addressing any ancillary issues reasonably arising.

4. Is it an Urgent Decision? If yes, specify the reasons for urgency. Urgent decisions will require sign off by the relevant scrutiny chair(s) as not subject to call in.

While this is not an urgent decision, the procurement process has been completed and the providers are ready to begin work.

5. Anticipated outcome(s)/benefits

Outcomes:

- Bidders are notified of outcome of the procurement
- Contract awarded
- Work on the studies begins

Benefits:

This work will help determine whether the identified heat network opportunity is sufficiently viable to take through to commercialisation and delivery and this in turn will contribute to the Council's priorities of Regeneration and Environment.

6. Details of any alternative options considered and rejected by the officer when making the decision (this should be similar to original cabinet decision)

The 'do nothing' option was considered at the start of the project, but there would be reputational damage caused by stopping the project at this stage with the NHS Foundation Trust Grimsby, Tec Partnership and HNDU. In addition, the HNDU grant money would have not fulfilled its purpose of completing the Heat Network DPD stage Study.

7. Background documents considered (web links to be included and copies of documents provided for publishing)

Cabinet Report on Heat Networks 11 April 2018.

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

The original Cabinet report from 11 April 2018 was open and did not contain exempt information.

9. 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)

Not applicable.

10. Monitoring Officer Comments (Monitoring Officer or nominee)

The decision is clearly consistent with the Cabinet decision and delegations. The procurement exercise has been 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 support the completion of the contractual documentation on award and continue to support the overall project.

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

The costs of the procurement are to be met through external funding, without any contribution from the Council.

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

There are no direct HR implications.

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

Heat networks present a significant opportunity to provide low carbon sustainable heating and cooling and there is the risk that if further studies into the potential for heat networks are not explored, the outcomes for decarbonisation, strong economy and sustainable communities in North East Lincolnshire will not be realised. The project funding would have to be returned to the NHS Foundation Trust and the Government (HDNU), which could cause a risk in how future funding applications would be viewed. There would also be the risk of reputational damage caused by stopping the project at this stage with the NHS Foundation Trust, Grimsby Tec Partnership and HNDU.

14. Has the Cabinet Tracker been updated with details of this decision?

The Assistant Director Environment will be asked to update the Cabinet Tracker accordingly.

15. Decision Maker(s):

Name: Carolina Borgstrom

Title: Director of Economy,
Environment &
Infrastructure

Signed: REDACTED

Dated: 19/06/2023

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

Name: Cllr Philip Jackson

Title: Leader of North East
Lincolnshire Council

Signed: REDACTED

Dated: 20th June 2023

**17. If the decision is urgent then
consultation should be carried out
with the relevant Scrutiny
Chair/Mayor/Deputy Mayor**

Name:

Title:

Signed:

Dated:

Key Decisions are defined in the Constitution as:

A decision (whether taken collectively or individually by members) which is likely:

- (i) to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates; or
- (ii) to be significant in terms of its effects on communities living or working in an area comprising two or more wards.

A decision will be considered financially significant if:

- (i) in the case of revenue expenditure, it results in the incurring of expenditure or making savings of £350,000 or greater;
- (ii) in the case of capital expenditure, the capital expenditure/savings are in excess of £350,000 or 20% of the total project cost, whichever is the greater

In determining whether a decision is significant in terms of its effect on an area comprising two or more wards, consideration shall be given to:

- (i) the number of residents/service users that will be affected in the wards concerned;
- (ii) the likely views of those affected (i.e. is the decision likely to result in substantial public interest)
- (iii) whether the decision may incur a significant social, economic or environmental risk.