

## NORTH SOMERSET COUNCIL DECISION



**DECISION OF:** COUNCILLOR ANNEMIEKE WAITE. THE EXECUTIVE MEMBER FOR CLIMATE, WASTE AND SUSTAINABILITY

**WITH ADVICE FROM:** THE DIRECTOR OF PLACE AND SECTION 151 OFFICER

**DECISION NO:** 23/24 DP 466

This is an urgent decision made in line with access to information rules

**SUBJECT:** CAMPUS DECARBONISATION SALIX FUNDING

**KEY DECISION:** YES.

This decision was previously listed on the forward plan as a decision for Executive. Revised values now make this a Director decision

**REASON:** The value of the decision exceeds £500k in expenditure.

### **BACKGROUND:**

This commissioning plan relates to a capital scheme for decarbonisation works at The Campus, the project has received SALIX funding, which was released by The Department for Business, Energy and Industrial Strategy to help meet the UK Government's ambitious carbon emissions targets. In January 2023, NSC were awarded £886,000 from the Public Sector Decarbonisation Scheme fund (Salix), with £311,000 match funding from Corporate Asset Management Plan allocation. The total project budget is £1.197million, with a programme end date of 31 March 2025. This commissioning plan seeks approval for the appointment of construction contractors for the Public Sector Decarbonisation (PSDS) Works at The Campus consisting of Air Source Heat Pumps and Ventilation.

A series of decarbonisation studies for public buildings were carried out in 2021 funded by the Community Renewal Fund, and in partnership with Bristol City Council. This was part of a project to identify and reduce carbon emissions from buildings within NSC control. In total, 30 buildings were identified and studied.

All these reports were reviewed and analysed by NSC and following a shortlist appraisal of the 30 buildings identified, evaluation highlighted The Campus was the most viable option to undertake decarbonisation works on. This decision was based on best value for money and resources required to produce a successful application for the Public Sector Decarbonisation Scheme funding.

The application was accepted by Salix on behalf of The Department for Business, Energy and Industrial Strategy who initiated the PSDS funding to help meet the UK Government's ambitious carbon emissions targets. In January 2023, NSC were then awarded £886,000 from the Public Sector Decarbonisation Scheme fund (Salix), with £311,000 match funding being provided through the Capital Project Programme Delivery Board allocation. The total project allocation is £1.197million.

- A power supply upgrade to support the upgrade of the heating system,

The following decarbonisation methods to be commissioned are for The Campus:

- Full replacement of the heating system; including radiators and pipework.
- Replacement of Air Handling Units.

Due to the specialist nature of the works, a review of the programme has been conducted by a specialist Mechanical and Electrical Engineering consultant. They have provided a detailed report outlining the recommended phased approach to construction, including key tasks, and lead in times for the equipment accounting for current market conditions.

This report has informed the professional multi-disciplinary design Team who have been appointed to design and manage the project to RIBA Stage 3. This team includes, building services, consultants, an architect, an acoustician, a structural engineer, a principal designer, a project manager, a risk manager and a quantity surveyor.

The value of contract will be subject to the RIBA Stage 3 design and will sit within the budget envelope.

### Contract Structure

The estimated contract value is £800,000 with a 9.5-month contract term (completion date fixed by grant funding conditions).

The current indicative timeline of commissioning and procuring the contractor:

- |   |            |
|---|------------|
| • Design and build to RIBA Stage 3 to be completed by | 15/04/2024 |
| • Tender published for contractor                     | 15/04/2024 |
| • Tender returns                                      | 30/05/2024 |
| • Contractor appointed                                | 17/07/2024 |
| • RIBA Stage 4 complete                               | 26/09/2024 |
| • Start On Site                                       | 27/09/2024 |
| • Practical Completion                                | 31/03/2025 |

### **DECISION:**

1. To approve the commissioning plan to proceed with the procurement of a contractor for the construction element involving the purchase and installation of Air Source Heat Pumps and Air Handling Units for the decarbonisation works at The Campus.
2. To delegate approval of the Procurement Plan to the Director of Place.

### **REASONS:**

Delivery aligns with the Corporate Plan and Core Strategy, including Addressing Climate Change and Carbon reduction (CS1) and to be a carbon neutral council and area by 2030.

### **OPTIONS CONSIDERED:**

The decarbonisation studies that supported the original bid application recommended:

- Power Supply Upgrade
- Air Source Heat Pumps
- New Ventilation System

Other works considered:

- Double glazing: being delivered as part of ongoing maintenance programme
- LED lighting installation: on hold being reviewed as part of design process

The recommended works that are included within the scope of these works are:

- A power supply upgrade to support the upgrade of the heating system, the loadings for which will be confirmed at the design stage.
- Full replacement of the heating system; including radiators and pipework. Heating calculations will be required to be carried out for the building during design phase to establish if the currently installed pipework can be re-used from a technical perspective. To minimise disruption to The Campus while the heating system is installed, it is preferred that the new plant is installed externally, with new pipework run to the existing boiler room, where it can connect to existing secondary distribution pipework. Boilers and existing heating plant can then be removed.
- Replacement of Air Handling Units. Access to the AHUs within the sports hall area is particularly challenging and is likely to require additional work to the internal fabric of the building to remove existing and install new AHUs. An option for reconditioning or refurbishment will be explored in the next stage of design to minimise fabric works.

**1) New air source heat pumps and water source heat pumps to provide heating and hot water for the whole building** – the current carbon based, gas fired boilers and water heaters, nearing the end of their Reference Service Life, are prime candidates for replacement by a heat pump-based heating system which can offer a significant reduction in total energy usage and drastically reduce carbon emissions, due to the increased seasonal efficiency of heat pumps and the carbon factors of electricity versus fossil fuels. Lack of heating zone and time controls, also means that individual areas of the building cannot be turned off if unoccupied, i.e. the heating system either is off, or on and serves the whole building. Further inefficiencies are due to the lack of variable speed drives on the heating pumps and lack of insulation on valves, pumps, and ancillaries within the plantroom.

In following these recommendations, the decarbonisation study estimated a 46% reduction in total energy consumption and a 35% decrease in total carbon emissions.

**2) New ventilation system** - all ventilation units serving the building are nearing the end of their reference service life (20 years). As such, there is a good opportunity to replace them with new modern units, incorporating more efficient fans, while achieving energy, carbon and cost savings. None of the current supply air handling units feature heat recovery, so this will provide an additional benefit and savings. The addition of heat recovery will also lower the peak heating demand of the building. Time-clock controls will enable the new systems to operate only as required and minimise any out of hours operation, while CO2 sensors will enable the new supply systems to operate more efficiently in part occupancy conditions, further reducing the energy consumption due to the use of variable speed drive fans.

## **FINANCIAL IMPLICATIONS:**

### **Costs**

Below is an outline of the project costs allocations, which will be charged to cost centre KDC157 Decarbonisation Scheme Campus (PSDS Phase 3b).

<b>Item</b>	<b>Estimated Cost</b>
Employers Agent & Design Team Fees	£100,000
Contractor Costs (to source plant and install)	£800,000
Contingency, project costs and professional fees	£297,000
<b>TOTAL ESTIMATED COSTS</b>	<b>£1,197,000</b>

## **Funding**

In January 2023, North Somerset Council were awarded £886,000 from the Public Sector Decarbonisation Scheme fund (Salix), with £311,000 match funding being provided through Corporate Asset Management Plan capital allocation. The total project cost is £1.197million (set out in the table below).

Eligible grant funding (Salix)	£886,000
Match funding - Corporate Asset Management Plan	£311,000
<b>Total costs</b>	<b>£1,197,000</b>

The total programme funding covers:

- Design & Surveys (RIBA Stages 1 -3)
- Contractor Design and Constructions Works (RIBA 4,5 & 6)
- Supply and Installation
- Project Management & Cost Management
- Risk Management
- Contingency

This commissioning plan covers the contractor design, construction works (RIBA 4,5, & 6), Supply and Installation, Project, Cost and Risk Management.

## **LEGAL POWERS AND IMPLICATIONS**

The contract value is below the Public Contract Regulations 2015 Works threshold; however, the procurement will follow best practice and be in line the Council's Contract Standing Orders.

## **CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS**

The decarbonisation works make a significant impact on North Somerset Council's target to be carbon neutral by 2030.

A Climate Emergency Risk Register will be completed as part of the procurement process.

There is an anticipated forecast of 120 tonnes of carbon annual savings following installation of the proposed measures.

In 2019 the Council agreed the North Somerset Climate Emergency Strategic Action Plan which has the headline commitment of making the Council carbon neutral by 2030. The resulting Climate Emergency Strategy identifies seven key principals to be considered by the work of the Council going forward to contribute to the achievement of this commitment. A project of this scale will impact upon all the seven principals; whether this impact is positive or negative will be determined by the design, construction and operation of the building.

The seven principals in the Climate Emergency Strategy and how this project can impact each is outlined below.

<b>Principals in the Climate Emergency Strategy</b>	<b>Role the Decarbonisation works will play in addressing principal</b>
Become a net zero carbon Council	An overarching objective – the degree to which this happens will be determined by progress in the other principals (except adapting to climate change).
An energy efficient built environment	<ul style="list-style-type: none"> <li>• The built environment contributes about 40% to the UK’s total greenhouse gas emissions.</li> <li>• Most of these emissions are from heating or cooling of buildings.</li> <li>• A well-designed building can all but eliminate the need for heating and lighting.</li> <li>• Retrofitting existing buildings to reduce the requirement for heating or cooling is very costly.</li> <li>• Installing new decarbonisation improvement systems to this existing building provides the opportunity to deliver an exemplar energy efficient building as cost-effectively as possible</li> </ul>
Renewable energy generation	Energy will be required for limited heating, lighting and electricity – the suggested improvement works provides the optimum opportunity to include renewable energy technologies. We are looking to install air source heat-pumps and Photovoltaic solar panels on the roof to generate renewable energy.
Repair, reuse, reduce, recycle	This is an existing building so much of these works are to replace current systems and are only being undertaken when a full decarbonisation assessment has been completed and all the options have been evaluated. All works are being implemented to lower carbon emissions and decrease the environmental impact of the building.
Adapting to climate change	It is widely acknowledged that changes in the climate are already locked into the system. It can be expected the building will experience increased temperatures and heavy rainfall events during its operational life. It is essential that this is considered in the decarbonisation plans.

## **CONSULTATION**

The project is being managed by a Project Manager within the Projects and Property Team in North Somerset Council, with assistance being provided by the Climate Emergency Team and external professional consultants.

The Project Manager meets regularly with Salix and submits a monthly return which captures progress to date.

Regular stakeholder engagement sessions with the project sponsor and the wider Campus Team are underway and will continue for the life of the project.

The Capital Project Programme and Delivery Board have been engaged regarding funding approval. Ward Cllr Crew and the then Executive Member Cllr Cartman have been briefed at the project inception.

A scrutiny overview session was held with Councillor Steve Bridger in January 2024.

## RISK MANAGEMENT

Standard NSC risk register is underway, and procurement of a Contractor will formalise wider strategic risk registers.

Risk	Inherent Risk Score	Residual Likelihood	Residual Impact	Residual Risk	Comments:
Programme: The date exceeds forecasts as stipulated to all stakeholders.	High	3	4	Med/High	Commissioning and procurement activities are being expedited to align with governance procedures and key milestone dates.
Budget & Inflationary Pressures: Increased costs	High	3	4	Med/High	Continue to monitor inflation rates and include a set price within the contract of works. Regular cost reporting to be undertaken by external consultants and contingency being monitored.
Discrepancy between current programme and previous SALIX Funding milestones	High	4	4	High	We are exploring the following mitigation measures; escalating with SALIX to vary funding milestones to align with current programme and ordering equipment prior to March 2024

## EQUALITY IMPLICATIONS

Have you undertaken an Equality Impact Assessment? Yes

An Equality Impact Assessment has been undertaken and demonstrates that these works will have no impact on equality in either employment or service provision. As an upgrade

to existing heating systems and ventilation will only impact on the building itself rather than any user

## **CORPORATE IMPLICATIONS**

The provision of key enabling infrastructure and decarbonisation works at The Campus widely supports the Corporate Plan objectives and priorities, most specifically North Somerset Council's target to be carbon neutral by 2030.

## **APPENDICES**

None

## **BACKGROUND PAPERS**

BCC-NSC Decarbonisation Studies

[Printed minutes 06th-Dec-2023 14.30 Executive.pdf \(moderngov.co.uk\)](#)

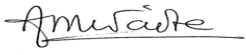
Item EXE 76 refers to the approved the changes to the revenue and capital budgets as detailed Appendix 4 to the report.

[13.1 Exec Report - Budget Monitor Appendices Month 6.pdf \(moderngov.co.uk\)](#)

- Page 3 of Appendix 3 (Monitoring of the Capital Programme), 4<sup>th</sup> item (Decarbonisation of The Campus) shows the agreed capital budgets (£1.197m).
- Page 2 of Appendix 4, Month 6 (ANALYSIS OF CHANGES TO THE 2023/24 CAPITAL PROGRAMME) shows the accepted capital funding from Salix (£886k) and the virement from council funds to the capital programme for the match funding (£311k)

SIGNATORIES:

DECISION MAKER(S):

Signed:  Executive Member for Climate, Waste and Sustainability

Date: 1 March 2024

WITH ADVICE FROM:

Signed:  Director of Place

Date: 1 March 2024

WITH ADVICE FROM:

Signed:  Section 151 Officer

Date: 1 March 2024