

Report of: Projects, Programmes and Procurement Unit

Report to: Director of Environment and Housing

Date: 26th April 2016

Subject: Housing District Heating Network Projects

Capital scheme number: 32022/FA1/000

Are specific electoral wards affected? If relevant, name(s) of ward(s): Burmantofts and Richmond Hill; Harehills	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Summary of main issues

1. Leeds City Council is seeking to establish a large scale District Heat Network (DHN) in the city. The key drivers behind this are a reduction in the city's carbon emissions and alleviation of fuel poverty.
2. In order to facilitate the construction of a DHN, two procurements that are intrinsically linked need to take place:
 - 2.1. **Spine DHN:** to lay an underground pipeline (the spine DHN) to carry heat in the form of hot water from the Residual Energy Recovery Facility (RERF) in Cross Green into the City Centre and Lincoln Green.
 - 2.2. **Housing DHN:** to build a local housing DHN; construct new, or refurbish existing, energy centres to allow a connection to the spine and replace the heating systems in Council owned Multi-Storey Flats (MSFs). This procurement is critical because it is a key enabler in ensuring the spine procurement is a commercially viable option for the market place.
3. The Spine DHN has already secured appropriate approvals (Executive Board, February 2016) so this report focusses on the Housing DHN and technical advisor support shared between the Spine and Housing DHN projects.

4. The Housing DHN has an estimated capital cost of £16.04m for the local DHN, energy centres and flat refurbishments. The Housing DHN also requires significant staff input, amounting to c£728k together with communication costs estimated at £7k. The Housing and Spine projects also require consultancy support from technical advisors at an estimated capital cost of £648k, including the preparation and submission of planning applications and registration for CEEQUAL.
5. Within the Housing Leeds capital programme an allocation of £10,307k has been ring-fenced to support the delivery of the scheme, split over financial years as follows:
 - 2017/18 - £5,091k
 - 2018/19 - £5,216k
6. The capital funding gap of c£5.7m is to be sourced from a grant funding application to ESIF (total application value £5.78m). Should the funding application be unsuccessful, then the ambition of the scheme shall be scaled back to the available budget of £10.3m.
7. The communication and salary costs of £735k will need to be absorbed within the existing Housing Revenue Account budgets.
8. The Council requires the expertise of a specialist technical consultant to support both the Spine and Housing DHN projects in the procurement, mobilisation, construction, commissioning and operational phases.
9. Lot 16 (Renewable Energy) of the YORconsult framework has been selected as the most suitable framework for this commission due to the technical expertise available, value for money and the ability to make direct call offs.
10. This report seeks to secure appropriate financial and procurement approvals to enable the Housing DHN procurement to commence in April 2016 for a design, build and operate contractor and for a technical advisor to be appointed via direct call off.

Recommendations

The Director of Environment and Housing is requested to:

1. Approve an injection of £324k for technical consultancy costs funded from HRA capital budget and ESIF grant.
2. Approve the injection of the balance of the ESIF grant (£5.66m - subject to a successful ESIF bid) in addition to the £10,307k approved in Feb 2016 as part of the Housing Leeds capital programme.
3. Provide authority to procure for a tender to appoint a design, build and operate contractor for the Housing DHN.
4. Approve price/quality splits of 40/60 for the Housing DHN design build and operate contract and to approve the evaluation weightings attached in appendix 1.

5. Provide authority to procure, authority to award a contract and authority to spend to allow a direct call off from Lot 16 of the Yorconsult framework for a technical advisor to support both the Housing and Spine DHN up to a value of £200,000.
6. Waiver CPR 9.1 that we are not seeking competition as we will be using a direct award procedure through lot 16.
7. Note that a further more detailed report seeking a key decision for the authority to spend on the remainder of the budget and to seek authority to procure a technical advisor for the remainder of the project will be presented when the scheme reaches design freeze. This is anticipated to be November 2016, alongside the Spine.

1 Purpose of this report

- 1.1 To seek appropriate financial and procurement approvals to enable the Housing DHN procurement for a design, build and operate contractor to commence in April 2016.
- 1.2 To seek appropriate financial and procurement approvals to directly appoint a consultant to provide technical advice to both the Spine and Housing DHN projects.

2 Background information

- 2.1 The Council has eight 'breakthrough' programmes aimed at reducing inequalities in the city. In support of the above, the Council launched the 'Cutting Carbon and improving Air Quality' breakthrough programme at the end of 2014. The Leeds DHN project is one of a number of initiatives being delivered under the programme.
- 2.2 The primary aims of the DHN project are:
 - To reduce vulnerable residents' energy bills by c10% to tackle fuel poverty;
 - To maximise CO₂ emission reduction opportunities associated with the RERF to contribute to our citywide target of 40% CO₂ reductions between 2005 and 2020;
 - To establish the first phase of a city-wide district heating network to stimulate additional investment in DHNs as a way to provide low carbon heat from the perimeter to the city centre.
- 2.3 The development of a district heating network will also:
 - Act as a catalyst for regional DH, through opportunities for other partners to learn lessons from Leeds' processes, including planning, highways, procurement, marketing, operation etc.;
 - Create construction, operation and maintenance jobs;
 - Retain greater wealth within the local economy;
 - Demonstrate the benefits of district heating with a view to persuading public and private sector partners to connect;
 - Initiate a strategic network to allow us to implement policy EN4, requiring new developments to connect and providing an outlet for heat from proposed waste/energy activities in the Aire Valley;
 - Allow for the removal of outdated storage heaters in council owned multi-storey flats, leading to improved comfort levels and more controllable heating;
 - Further enhance the environmental performance of the RERF, and provide clear benefits of using the heat locally.

- 2.4 The council has been working to secure the benefits of district heating for several years and already operates small networks serving clusters of council owned multi-storey flats.
- 2.5 In order to be able to articulate the potential for district heating in Leeds, the council has undertaken detailed heat mapping and an energy masterplan for the city. This work identifies a realistic strategic network that could be developed over the long-term to supply c150MW of connected load with c46MW of heat capacity from low carbon generation sources, helping the city to deliver our carbon reduction ambitions.
- 2.6 The council has included a specific district heating enabling policy (EN4) within the Core Strategy, which has now been adopted following planning inspector's approval. The council has also recently adopted a Local Development Order which removes the requirement for planning permission for district heating pipework in a large part of the district.

3 Main issues

3.1 Design proposals and full scheme description.

Housing DHN Design, Build and Operate Contract

- 3.2 The first phase identified by our masterplanning is to create a Spine DHN to take heat from the RERF to the city centre and to council owned multi storey blocks. The Spine DHN is being developed as a separate, but interrelated, project.
- 3.3 This capital scheme is to establish a local housing DHN around Lincoln Green, Ebor Gardens and Saxton Gardens. This project will:
- 3.3.1 Construct new energy centres on council owned land in Lincoln Green and Ebor Gardens. These will connect to and take heat from the Spine DHN and contain gas boilers to provide back up and peak heat, pumps, control gear and all ancillary pipework and systems in order to deliver heat over the local DHN.
- 3.3.2 Construct an underground local DHN to provide heat to all 17 electrically heated multi-storey blocks in Lincoln Green and the 6 in Ebor Gardens. This will comprise well-insulated steel pipes with an expected life of over 40 years, plus a heat meter for each block.
- 3.3.3 Install all heat distribution pipework within the 23 electrically heated multi-storey blocks. This will comprise vertical and horizontal pipework (known as 'risers') to take heat from the underground DHN to each flat.
- 3.3.4 Install new heating systems within 1,432 flats. This will involve removing all existing storage heaters, making good and installation of new heat interface units (similar size to combi boilers and designed to provide heat from the block pipework to the flats, whilst keeping the systems hydraulically separate) smart heat meters, smart heating controls, radiators, pipework, and domestic hot water services. Each flat will take around 3 days to complete.

- 3.3.5 Connect 8 blocks, containing 561 flats served by existing communal heating schemes at Ebor Gardens and Saxton Gardens to the Spine DHN, together with minor modifications at the two existing energy centres.
- 3.4 In total, we expect 1983 flats to be connected to the Spine DHN as a result of these works. Of these, 1432 will have existing electrical heating systems replaced by new wet central heating systems. Capacity will be provided in the energy centres to allow a further 123 flats in 3 blocks, currently heated by individual gas boilers, to connect in future when commercially viable. A full list of blocks, together with the numbers of flats affected, is given in appendix 2.
- 3.5 There are no suitable Internal Services Providers due to the level of technical expertise and available resource to deliver a scheme of this size and scale.
- 3.6 Further, there are no suitable frameworks to call down from due to DHN technology being in its infancy in the UK. DHN construction is still a niche market, it is likely bidders with the relevant skills and experience will have delivered projects at a European and Global scale.
- 3.7 We therefore intend to issue an OJEU compliant tender to seek a contractor to design, build and operate the housing DHN, together with associated enabling works, that will connect to the Spine DHN. In line with Public Procurement Regulations 2015, the 'Competitive with Negotiation' procedure has been chosen as the most suitable route to appoint a contractor. This is due to elements of the specification being output based, where a better solution can be obtained through flexible negotiations rather than stipulating fixed requirements. The tender will use a price/quality split of 40/60 and the proposed weightings and evaluation criteria are shown in appendix 1.
- 3.8 A report will be brought to Executive Board outlining the final financial position and the results of the tenders, prior to formal appointment of contractors for both the Housing and Spine DHN. This is likely to be in November 2016.

Housing and Spine DHN Technical Advisor

- 3.9 We have started to draft the tender documentation for both the Spine and Housing DHN projects however, there are some high risks relating to project readiness, one of which is the need to appoint a technical consultant.
- 3.10 Therefore the Housing and Spine projects require consultancy support from technical advisors at an estimated capital cost of c£648k. This role will include technical advice in the procurement, mobilisation, construction, commissioning and operational phases. It will also include the preparation and submission of planning applications and commercial advice to support negotiations with Veolia. As the projects are so closely interrelated, it is important to appoint technical advisors who will work on both projects to avoid problems with interfaces at a later date.
- 3.11 We need a technical consultant to support the development of the specification for both the Spine and the Housing DHNs, together with associated bid criteria, to allow the OJEU notices to be published before the end of April 2016. This is due

to the specialist knowledge associated with the design, construction and safety standards that cannot be sourced internally within the Council.

3.12 To ensure the DHN project begins on time to allow for commissioning in 2019 the Housing and Spine DBO procurements must both start before the end of April 2016. The project is time critical due to a number of factors;

- The ROCs subsidy (renewable obligations certificates) will start as soon as Veolia connect heat to their paper pulp plant. This means that for every month that the project is late in delivering heat sales, a month of subsidy will be lost.
- The ESIF grant will be contingent on money allocated being spent by the end of 2019. Therefore it is essential to appoint a consultant to allow for the tender documentation to be reviewed, refined and published in April.

3.13 The Projects, Programmes and Procurement Unit (PPPU) have assessed the frameworks available and, based on this analysis, PPPU are confident that a consultant with the relevant and necessary knowledge, skills, and experience can be sourced from the YORconsult framework. Lot 16 (Renewable Energy) has been selected as the most suitable lot for this commission. This lot has 8 consultants that can be appointed via a direct call off on a rotational basis. Arup is currently the consultant at the top of the list and therefore the only company that LCC could engage on a direct call off. This method of appointing a consultant has been selected due to the speed this offers to engage a consultant, and the VFM protections in place by virtue of using an established framework. Further, the brief is unable to be precisely defined, therefore due to the uncertainty surrounding the scope of work it would have been difficult to procure by any other route other than by day rates, which is what the framework already offers.

3.14 PPPU intend to use a direct award to appoint a consultant in line with the YORconsult framework call-off process. Arup have evidenced their capability and quality through other similar work undertaken, for example the support provided recently to install a DHN at the Clydes and the HNDU funded commission to develop detailed feasibility for the Lincoln Green area.

3.15 **Programme:**

Milestone	Start	Finish
Procurement - OJEU notice published	April 2016	April 2016
Procurement - ITP Stage	April 2016	June 2016
Planning application submitted and determined	June 2016	August 2016
Procurement - ITT Stage	June 2016	September 2016
ESIF Contract signed	July 2016	July 2016
Procurement – CFFT stage	September 2016	November 2016
Detailed communications and marketing plan produced	September 2016	December 2016

Procurement - Decision, call in and contract award	October 2016	November 2016
Energy centre construction phase	January 2017	June 2017
Heat network construction phase	April 2017	March 2019
Riser pipework installation and flat conversions	June 2017	December 2019
Spine DHN connects to energy centres	July 2018	July 2018
Final heating system completed and final commissioning	November 2019	December 2019

4 Corporate considerations

4.1 Consultation and engagement

- 4.1.1 The Executive Member for Regeneration, Transport and Planning, the Executive Member for Housing and the Lead member for the Cutting Carbon and Improving Air Quality breakthrough project have all been consulted and a report covering the Spine DHN was considered and approved by Executive Board in February 2016.
- 4.1.2 Prior to starting any district heating work in our blocks we will use the statutory leaseholder process as well as engaging LCC tenants in a similar way to that used successfully on the Clydes local district heating project.
- 4.1.3 Housing Leeds have been engaged in the development of the brief and subsequent decision to use the direct award to appoint Arup.
- 4.1.4 As a proportion of this commission is to be funded by the Growth Fund and ESIF, necessary questions have been asked of the West Yorkshire Combined Authority and CLG to ensure the expenditure on this procurement shall not contravene any funding guidelines.
- 4.1.5 In line with Contract Procedure Rule (CPR) 3.1.12, the Chief Officer of Procurement is required to approve the appointment of Consultants, as such has given approval for this procurement project to go ahead contingent on sign off from the Director of Environment and Housing.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 An equality impact assessment has been completed and is attached as appendix 3.
- 4.2.2 The housing DHN will have a positive impact on equality as it will support the compassionate city equality objective by reducing fuel poverty, helping to increase life expectancy, improving mental health and wellbeing and reducing health inequalities.

4.3 Council policies and the best council plan

- 4.3.1 This scheme supports the aspirations set out in the Best Council Plan 2015-20; in particular, the first two objectives of the council's overall list of 6, which were declared for 2015/16:

- Supporting communities and tackling poverty.
- Promoting sustainable and inclusive economic growth.

- 4.3.2 The council has made public commitments to address fuel poverty concerns. As part of the city's Affordable Warmth Partnership, there is a stated aim to improve the health and wellbeing of vulnerable people through action on increasing affordable warmth and this project supports that aspiration.
- 4.3.3 In addition, the council is committed to reducing citywide carbon emissions by 40% between 2005 and 2020 and has already made significant progress towards this target. Indeed, the council considers CO₂ emissions to be a crucial challenge facing the city and this has culminated in the creation of a 'breakthrough project' – under the Best Council Plan 2015-20 – titled 'Cutting carbon and Improving air quality in Leeds', 1 of 8 priority council projects.
- 4.3.4 This scheme will also allow the Council to demonstrate its ability to be enterprising and to act as an enabler for growth.
- 4.3.5 The affected policies include the Council's Executive and Decision Making Procedure Rules, and the Council's Contract Procedure Rules.

4.4 Resources and value for money

- 4.4.1 The project is seeking to replace predominantly old and inadequate storage heaters/underfloor heating, in order to reduce tenants' fuel bills and to avoid future replacement costs. Effectively this is a spend to save scheme over the 40 year equipment life and, although the budget is separate, it supports the £50m 10 year investment plan for energy efficiency improvements to multi-storey blocks, recently developed with support from Arup.
- 4.4.2 Should the spine network not proceed the local housing networks will require additional heat equipment (i.e. CHP or biomass boilers). Sufficient room will be allowed in the energy centres for these but if required the project budget would increase by c5%.
- 4.4.3 **Full scheme estimate:** the full scheme estimate for this work is £17.42m. This includes all capital construction costs and other external costs such as planning and CEEQUAL registration. The cost estimates have been built up by our technical advisors, Arup, on a separate HNDU funded commission and tested by Housing Leeds based on their experience with the Clydes DH. Additional costs for asbestos and decoration vouchers for all tenants have now been included as have assumptions for inflation during the construction period.
- 4.4.4 The project is seeking £5.78m of ESIF funding so we have also included directly related salary costs and marketing/communications costs as these can be part funded by ESIF.
- 4.4.5 A further £648k is estimated for technical advisors who will provide support to both the Housing DHN and Spine DHN during all phases of the scheme -

procurement, mobilisation, construction, commissioning and operation. This includes fees for the preparation and submission of planning applications and for registering with CEEQUAL. This will be funded by grants of £324k from the LEP Growth Fund (secure) and £124k from ESIF (unsecure) with the balance of £200k available from the HRA.

4.4.6 Capital funding and cash flow.

Previous total injection to Spend on this scheme	TOTAL £000's	TO MARCH 2016 £000's	FORECAST			
			2016/17 £000's	2017/18 £000's	2018/19 £000's	2019 on £000's
LAND (1)	0.0					
CONSTRUCTION (3)	10307.0			3750.0	5668.0	889.0
FURN & EQPT (5)	0.0					
DESIGN FEES (6)	0.0					
OTHER COSTS (7)	0.0					
TOTALS	10307.0	0.0	0.0	3750.0	5668.0	889.0
Authority to Inject required for this Approval	TOTAL £000's	TO MARCH 2016 £000's	FORECAST			
			2016/17 £000's	2017/18 £000's	2018/19 £000's	2019 on £000's
LAND (1)	0.0					
CONSTRUCTION (3)	5730.0					5730.0
FURN & EQPT (5)	0.0					
DESIGN FEES (6)	648.0		209.0	140.0	140.0	159.0
OTHER COSTS (6)& (7)	735.0		66.0	219.0	219.0	231.0
TOTALS	7113.0	0.0	275.0	359.0	359.0	6120.0
Total overall Funding (As per latest Capital Programme)	TOTAL £000's	TO MARCH 2016 £000's	FORECAST			
			2016/17 £000's	2017/18 £000's	2018/19 £000's	2019 on £000's
HRA Housing Leeds Capital Programme	11310.0		164.0	2632.0	3697.0	4817.0
ESIF Grant	5786.0		87.0	1377.0	2230.0	2092.0
Any Other Income (Grow th Fur	324.0		24.0	100.0	100.0	100.0
Total Funding	17420.0	0.0	275.0	4109.0	6027.0	7009.0

Parent scheme number : 32022/000/000

Title : Heating and Energy efficiency

Revenue Effects

- 4.4.7 Any revenue effects will be dealt with from existing budgets within the Housing Revenue account.
- 4.4.8 The scheme is designed to be revenue neutral to the council, with income from heat sales balancing the ongoing opex (including planned maintenance).
- 4.4.9 However, council tenants that are newly connected to district heating will typically benefit from a reduction in their energy bills of at least 10%. In addition, they would benefit from better and more controllable heating, with the potential for the project to facilitate additional savings from smart metering for both heat and electricity.

Procurement route

- 4.4.10 The Housing DHN design, build and operate procurement is being tendered on a competitive basis and therefore, value for money should be realised assuming that the business model is robust and that our specification sets out our requirements accordingly. We can be reassured the specification carries appropriate technical merit by appointment of the consultant who has carried out the initial work in drafting the specification (as part of a previous commission) and shall be commissioned to carry out a final review and sign off.
- 4.4.11 The Spine and Housing Technical Advisor appointment will be made via the pre-procured YORconsult framework. All consultants on the framework have been subject to price and quality testing, thus offering improved certainty of quality, cost and time.
- 4.4.12 The opportunity to appoint Arup directly offers continuity benefits to the Council, following on from the existing HNDU funded commission. This offers enhanced value for money, as there will be no 'downtime' – Arup can continue their work seamlessly. Further, there are efficiency savings internally due to fewer resources being required to produce tender documentation – a 'lighter touch' approach can be used to design our requirements and request pricing.

4.5 Legal implications, access to information and call-in

- 4.5.1 The construction and operation of the DHN will be procured in accordance with procurement law and other relevant obligations (including state aid and competition law, and the Council's best value duty).
- 4.5.2 The intention is to appoint using the YORconsult framework (Lot 16). Direct call offs from this lot are permissible. The consultants on this lot are allocated projects on a rotational basis. The next consultants on the rotation are Arup.
- 4.5.3 Any heat sale or purchase, or other ancillary partnering arrangements, will be undertaken in accordance with the Council's duties.
- 4.5.4 Advice has been sought from corporate governance and none of the decisions are open to call in. Specifically:
- 1, 2 and 3 will become key decisions when a further, more detailed report is submitted in November, with appropriate call in (Article 13.4B)
 - 4 is an Administrative Decision
 - 5 and 6 are Significant Operational Decisions as they are valued at £200k (Article 13.5);
 - 7 notes that a further more detailed report will be presented in accordance with Article 13.4B.

4.5.5 Risk management

- 4.5.6 The Spine and Housing DHN projects both report to the Environment Programme Board. The governance of this board requires a highlight report that will identify

risk and issues that require escalation to the board. The support provided to the project by the appointed consultant shall be subject to monitoring as per all other work-streams forming part of the overall delivery of the scheme.

4.5.7 There are a number of significant risks related to the Housing DHN, all of which are being actively managed through appropriate risk registers:

4.5.7.1 **Interrelation with Spine DHN.** The local housing DHN will get the majority of its heat from the RERF via the Spine DHN so it is important that this project also goes ahead. This is being managed as a separate project, with its own risk register, and team members work on both projects. As mitigation, sufficient room will be left in the energy centres to allow full resilience in the form of back up boilers.

4.5.7.2 **ESIF funding.** The £5.78m may not be secured. Procurement documents have stated that if this is not secured the project will be scaled back to only include blocks that can be funded with the £10.3m available in the HRA.

4.5.7.3 **Programme slippage.** Slippage could occur for many reasons, e.g. procurement process delays, protracted mobilisation period, slow progress during the works phase, etc. This will be closely managed, practical examples include operating parallel workstreams; close engagement with planning colleagues; test boreholes on the energy centre site and contractual controls (i.e. liquidated damages).

4.5.7.4 **Asbestos.** There is a risk of asbestos being present in the flats and communal areas, causing cost overruns. However, the risk is mitigated by Housing Leeds having asbestos samples from 10-15% of flats and having conducted a walkabout to check communal areas and only finding asbestos in dry risers in maisonettes. Housing Leeds are confident that storage heaters have been modernised and do not contain asbestos. Housing Leeds have allowed a contingency for some asbestos removal and full surveys.

4.5.7.5 **Low customer take up.** There is a risk that tenants/leaseholders refuse connections, self-disconnect or take less heat than expected, affecting overall viability. To mitigate this risk, we are investigating take up on previous schemes to inform a sensitivity analysis and will learn lessons from more and less successful schemes and apply them to this one.

4.5.8 To get the best possible outcome from a less defined brief, we have supplied a list of line items to Arup, and requested pricing underpinned by their assumptions. This is to ensure we have confidence that Arup have understood the nature of the task, and consequently we can then rely on the prices that are returned. This also avoids simply having to rely on day rates for work requests.

4.5.9 To ensure robust contract management (and therefore mitigate the risk of not achieving value for money from this award), an Executive Programme Manager shall have full responsibility for the appointment to ensure budgetary control. Further, a process has been designed to record work requests, and to check and challenge the rates supplied for the completion of tasks and to cumulatively monitor expenditure against budget.

5 Conclusions

- 5.1 The development of a Spine district heating network into the city centre and a local Housing DHN are exciting opportunities as they will help deliver low carbon infrastructure to support the growth of the city and tackle fuel poverty in some of the most in need areas.
- 5.2 To enable this to happen, the council needs to take appropriate financial and procurement decisions to enable the Housing DHN procurement to commence in April 2016 for a design, build and operate contractor.
- 5.3 Decisions are also required to secure the support of a technical advisor for both the Spine and Housing DHNs. The scope of their appointment is wide ranging, and includes technical design, check/challenge, commercial negotiation and assistance in the development of procurement documentation and within the evaluation process. The commission also includes ongoing support during mobilisation, construction, commissioning and operations.

6 Recommendations

The Director of Environment and Housing is requested to:

- 6.1 Approve an injection of £324k for technical consultancy costs funded from HRA capital budget and ESIF grant.
- 6.2 Approve the injection of the balance of the ESIF grant (£5.66m - subject to a successful ESIF bid) in addition to the £10,307k approved in Feb 2016 as part of the Housing Leeds capital programme.
- 6.3 Provide authority to procure for a tender to appoint a design, build and operate contractor for the Housing DHN.
- 6.4 Approve price/quality splits of 40/60 for the Housing DHN design build and operate contract and to approve the evaluation weightings attached in appendix 1.
- 6.5 Provide authority to procure, authority to award a contract and authority to spend to allow a direct call off from Lot 16 of the Yorconsult framework for a technical advisor to support both the Housing and Spine DHN up to a value of £200,000.
- 6.6 Waiver CPR 9.1 that we are not seeking competition as we will be using a direct award procedure through lot 16.
- 6.7 Note that a further more detailed report seeking a key decision for the authority to spend on the remainder of the budget and to seek authority to procure a technical advisor for the remainder of the project will be presented when the scheme reaches design freeze. This is anticipated to be November 2016, alongside the Spine.

7 Background documents¹

¹ The background documents listed in this section are available for download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

7.1 None

Appendix 1: Evaluation Criteria and Weightings

QUALITY	Relative weighting	Minimum threshold
PROJECT MANAGEMENT AND PROGRAMME	17.0%	
Overarching Programme and scheduling to meet key dates	5.0%	
Robustness and aptitude of management team, including handover from bid team	3.0%	
Approach to construction, including planning, permitting, CDM	4.0%	
Workforce planning (including in-house and outsourcing, interfaces and risk management)	3.0%	
Mobilisation and commissioning	2.0%	
DESIGN CRITERIA	11.0%	
Design approach and submitted design	4.0%	
expectancy/warranty periods of components and cost of replacements	4.0%	
Energy performance	3.0%	
OPERATION AND MAINTENANCE	6.0%	
Pre practical completion	2.0%	
Post practical completion	4.0%	
SOCIAL VALUE	5.0%	
Supply chain development and management including engagement, selection, contract management and contingency	2.0%	
Social Impact Plan including job creation, skills and training	3.0%	
TENANT LIAISON, CUSTOMER CARE AND SITE MANAGEMENT	8.0%	
Tenant engagement including pre-construction communications, access procedure, support during construction	4.0%	
Approach to site management - minimisation of impact and disruption	2.0%	
Behavioural change and handover	2.0%	
COMMERCIAL AND RISK	10.0%	
Commercial acceptability/risk allocation	3.0%	
Contracting Structure/Guarantees – Strength/robustness of proposed contracting counterparty and overall contract structure;	3.0%	
Strength of any PCG/other guarantee/performance bond etc.; robustness of project costs identified.	4.0%	
Performance Mechanism – Acceptability, robustness of payment and performance mechanism	3.0%	
BID INTEGRITY	3.0%	
Completeness, Consistency and Strategy including good management of interfaces with the council and partners	3.0%	
Sum of criteria	60%	
PRICING	40%	

Appendix 2: List of Blocks to be Included

Cluster	Block	No. of Flats	Existing Heating Type	New wet heating systems?
Lincoln Green	Boston Towers	60	Stor Heat	60
Lincoln Green	Cherry Court	60	Stor Heat	60
Lincoln Green	Spalding Towers	60	Stor Heat	60
Lincoln Green	Roxby Close	60	Stor Heat	60
Lincoln Green	Ferriby Towers	60	Stor Heat	60
Lincoln Green	Grantham Towers	60	Stor Heat	60
Lincoln Green	Lincoln Towers	60	Stor Heat	60
Lincoln Green	Lindsey Mount	60	Stor Heat	60
Lincoln Green	Marston Mount	60	Stor Heat	60
Lincoln Green Med Rise	Beckett Street	24	Stor Heat/Gas	16
Lincoln Green Med Rise	Granville Road	36	Stor Heat	36
Lincoln Green Med Rise	Lindsey Road*	0	Gas	FALSE
Lincoln Green Med Rise	Lindsey Court*	0	Gas	FALSE
Lincoln Green	Shakespeare Court	100	Stor Heat/Underfloor	100
Lincoln Green	Shakespeare Grange	100	Stor Heat/Underfloor	100
Lincoln Green	Shakespeare Towers	100	Stor Heat/Underfloor	100
Lincoln Green	Cromwell Heights	60	Stor Heat	60
Lincoln Green	Cromwell Heights	60	Stor Heat	60
Lincoln Green	Cromwell Heights	60	Stor Heat	60
Lincoln Green	Naseby Grange*	0	Gas	FALSE
Stoney Rock/Ebor Gardens	Torre Gardens	60	Stor Heat	60
Stoney Rock/Ebor Gardens	Torre Green	60	Stor Heat	60
Stoney Rock/Ebor Gardens	Brignall Croft	99	Com Heat	FALSE
Stoney Rock/Ebor Gardens	Gargrave Court	99	Com Heat	FALSE
Stoney Rock/Ebor Gardens	Scargill Grange	99	Com Heat	FALSE
Stoney Rock/Ebor Gardens	Appleton Close	60	Stor Heat	60
Stoney Rock/Ebor Gardens	Appleton Court	60	Stor Heat	60
Stoney Rock/Ebor Gardens	Appleton Square	60	Stor Heat	60
Stoney Rock/Ebor Gardens	Saville Green	60	Stor Heat	60
Saxton Gardens	Flax Place	30	Com Heat	FALSE
Saxton Gardens	Flax Place	50	Com Heat	FALSE
Saxton Gardens	The Close	54	Com Heat	FALSE
Saxton Gardens	The Garth	42	Com Heat	FALSE
Saxton Gardens	The Lane	70	Com Heat	FALSE
TOTAL		1983	0	1432

NOTE – blocks marked * are currently out of scope for DH as they already benefit from gas central heating. However, sufficient space will be allocated in the energy centre to allow blocks marked * to be connected to the DHN at a later date.

Appendix 3: Equality Screening

Please see separate Appendix 3 document