

CABINET

16th April 2019

CATMOSE HOUSE BOILER PLANT RENEWAL

Report of the Deputy Director for Places

Strategic Aim:	Sound Financial Planning and Workforce Planning	
Key Decision: Yes	Forward Plan Reference: FP/150319	
Exempt Information	No	
Cabinet Member(s) Responsible:	Mr G Brown – Portfolio Holder for Planning, Environment, Property and Finance	
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Ward Councillors	N/A	

DECISION RECOMMENDATIONS

That Cabinet:

1. Cabinet approves the award criteria as set out in this report.
2. Approves the allocation of up to £98,000 (which includes £4,400 contingency and £4,500 of management costs) of Capital Funds from the General Fund to replace the boiler plant in the summer of 2019.
3. Approves the appointment of T Clarke Ltd for the sum of £88,728 to replace the Boilers and associated equipment in Catmose House.
4. Authorises the Deputy Director of Places to commit up to £4,400 of additional expenses to cover any contingencies that should arise as a result of the project.

1 PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to obtain authority from Cabinet appoint T Clarke Ltd to replace the Boilers for the contract sum of £88,728.

2 BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 A central boiler plant located in the basement of Catmose House provides the heat source to all parts of the building. This boiler plant was installed when the extension was completed in April 1999 and consists of 6 boilers in a modular arrangement.
- 2.2 The 6 boilers originally provide hot water services including heating throughout the building. Over time, hot water storage tanks have been replaced with 'point of use water heaters' to improve efficiency. This has reduced the core demand to a point where only 4 boilers are now required.
- 2.3 Currently, only 2 boilers out of the required 4 are operating. This puts an additional strain on those that remain in operation and there is no redundancy built into the system. A further failure would put significant strain on a single boiler leaving the Council in the position where it may not be possible to maintain the required levels of heating.
- 2.4 Obsolescence of the system now means that new parts are becoming increasingly difficult to source and it is likely that further failures will lead to a full or partial system shutdown. Whilst it may be possible to cannibalise the boilers not in operation, this approach cannot be relied upon given the age of the components.
- 2.5 It is proposed to renew the boiler plant in the 2019 summer period, when heating demand is negligible and therefore any impact on Rutland County Council (RCC) operations will be kept to a minimum.
- 2.6 It should be noted that this is Phase 1 of a series of works to address mechanical and electrical issues within Catmose. Further investigation is focussing on issues surrounding the condition, operation and control of the heating distribution pipework and radiators in Catmose House. If significant issues are found, a further report will be submitted to Cabinet. This scope is secondary to the primary concern of the boiler plant replacement and is considered less urgent.
- 2.7 To move the project forward, a framework contractor was approached to provide costs for undertaking the works. However, it became clear when their proposals were received that these costs were far in excess of those estimated. Investigation has indicated that this was due to Main Contractor overheads and administration costs built into the frameworks.
- 2.8 As a result, the project was put out to tender to ascertain fully developed costs allowing Cabinet to make an informed decision.

3 REPLACEMENT BOILER PLANT SPECIFICATION

- 3.1 A Royal Institution of Chartered Surveyors (RICS) Mechanical and Electrical (M&E) consultant was engaged via the Scape Built Environment Consultancy framework to specify the renewal of the boiler plant on the basis of a comprehensive outline specification and proposed drawings. The design consultant has provided a warranty under the framework for their design element. This gives the Council assurance on design.
- 3.2 The Consultant's specification proposes removing the 6 boilers and associated/local pipework; installing 4 new boilers with gas and water connections; installing new controls and necessary electrical works; operation & maintenance documentation.

4 PROGRAMME

- 4.1 Due to the importance and urgency for replacing the boilers for business continuity, tenders have been sought in readiness to provide Cabinet with true costs. Tender costs have been included within this report.
- 4.2 Tenders were returned on the 22nd February 2019 via Welland e-Tender system and evaluation carried out on W/C 26th February 2019.
- 4.3 The final programme will be determined after the contractor appointment. However, the on-site works are not anticipated to last more than 6 weeks.

5 PROCUREMENT

- 5.1 Originally the total project cost estimated was originally estimated at £140K. The actual 'works' portion amounted to £134k with a £6k contingency.
- 5.2 In accordance with Contract Procurement Rules the works were procured via an open tender procedure.
- 5.3 Formalised RCC Tender (ITT) documents and the contract for renewal of the boiler plant were prepared and issued to the open market, as required by RCC procurement rules.
- 5.4 Award criteria and weightings for the project using Most Economically Advantageous Tender (MEAT) and the following award criteria and weightings have been used for the tendering process. The evaluation method and marking criteria is set out in the table below

Weighting criteria set at 60% price and 40% quality.

P	Price	60%
Q	Quality	40%
	Quality questions & weightings	
Q1	Understanding of the contract documents	10%
Q2	Method statement	10%
Q3	Health & Safety	10%
Q4	Programme	5%
Q5	Experience of personnel assigned to the project	5%
		Total 40%

6 TENDER EVALUATION AND PROPOSAL

- 6.1 A total of 13 tenders ranging in value between £72k and £150k were returned. They were evaluated using the Welland Procurement tender evaluation schedule. (See appendix B). An evaluation panel of 3 team members, along with support from Welland Procurement carried out the assessment.
- 6.2 Due diligence has also been carried out on the tender suitability and quality submissions, and a winning bidder has been identified with the award of the contract to bidder 11 for the tendered sum of £88,728 (excluding contingencies of £4,400 and management costs of £4,500), is recommended.

7 CONSULTATION

- 7.1 Consultation has taken place internally with Senior Officers and Elected Members of the Council.
- 7.2 This has included planning colleagues to ensure that any issues surrounding a Grade II listed building are included in the project costs.

8 ALTERNATIVE OPTIONS

- 8.1 There are no other viable heating alternatives and heating is a compulsory requirement for the operation of offices and business continuity. The use of supplementary electrical heating would place a significant load on the existing electrical infrastructure. In addition, the cost of this approach would be significant.
- 8.2 It could be possible to renew each boiler with a like-for-like replacement individually on an ad-hoc basis, providing an immediate response to any further failures. However, this is a short sighted approach and as 2 boilers are already required this would amount to a 50% immediate replacement. Therefore, it is recommended that all 4 boilers are replaced in a single procurement, safeguarding the RCC operations long term, reducing disruption and overall costs.

9 FINANCIAL IMPLICATIONS

- 9.1 As there is no identified existing budget available, the cost of replacement will need to be considered by RCC.
- 9.2 There are a number of options available to fund these works
 - 9.2.1 Use General Fund Resources
 - 9.2.2 Prudentially borrow – this option will impact the General Fund but approx. £4k per annum, rather than all in one year.
- 9.3 The recommendation would be to use general fund to pay for this project.
- 9.4 For a low value project prudentially borrowing is not cost effective and will put additional pressure on future years where funding is more uncertain.

10 LEGAL AND GOVERNANCE CONSIDERATIONS

- 10.1 Where a project cost is in excess of £50,000, but below the EU threshold Cabinet is required to give authority for the award criteria. For the reasons set out in the report tenders were issued without prior approval while procedures have been put in place to ensure that this is not repeated the mechanism still ensures compliance with Contracts Standing Orders in that Cabinet approval is being sought for both the award criteria and the award.
- 10.2 Subject to the agreement of the recommendations in this report, all works have been acquired in accordance with RCC Contract Procurement Rules.

11 DATA PROTECTION IMPLICATIONS

- 11.1 There are no Data Protection Implications

12 EQUALITY IMPACT ASSESSMENT

- 12.1 There are no EIA implications

13 COMMUNITY SAFETY IMPLICATIONS

- 13.1 There are no Community Safety Implications

14 HEALTH AND WELLBEING IMPLICATIONS

- 14.1 The provision of heating to the building is a mandatory Health & Wellbeing requirement for all RCC, staff and visitors to the building.

15 ORGANISATIONAL IMPLICATIONS`

- 15.1 Environmental implications – There are no environmental implications

16 HUMAN RESOURCES IMPLICATIONS

- 16.1 There are no Human Resources implications

17 PROCUREMENT IMPLICATIONS

- 17.1 There are no procurement implications

18 SOCIAL VALUE IMPLICATIONS

- 18.1 The low value of this procurement means it has attracted bids from regional Small to Medium Enterprises.

19 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 19.1 The recommendations set out in this report will ensure that the boilers can be replaced with little if any impact on the operations of the Council.

20 BACKGROUND PAPERS

- 20.1 There are no additional background papers.

21 APPENDICES

APPENDIX A – TENDER EVALUATION

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.