
REPORT TO:	Cabinet
DATE:	31 March 2021
SERVICE AREA:	Place Shaping and Economic Growth
REPORTING OFFICER:	Executive Officer Strategic Property and Major Projects <i>(Jonathan Dunk)</i>
SUBJECT:	AWARD OF CONTRACT FOR HYDRO LEISURE CENTRE CARBON REDUCTION PROJECT
WARD/S AFFECTED:	ALL DISTRICT
FORWARD PLAN REF:	28PSEG20

1.0 PURPOSE OF REPORT

The purpose of this report is two-fold:

(1) To advise Cabinet of a successful bid for £1,838,338 of grant funding obtained through the Public Sector Decarbonisation Scheme (PSDS) to deliver a fully-funded carbon reduction scheme at the Hydro Leisure Centre

(2) To obtain approval from Cabinet to award the contract for the supply of professional services, goods and work in relation to this PSDS funded project at the Hydro Leisure Centre to Alliance Leisure via the UK Leisure Framework.

2.0 RECOMMENDATION/S

2.1 That Cabinet notes the successful bid for grant funding and approves the award of contract to Alliance Leisure via the UK Leisure Framework in the amount of £1,838,338 for the supply of professional services, goods and works in relation to the delivery of the Public Sector Decarbonisation Scheme funded project at the Hydro Leisure Centre.

3.0 RECOMMENDED REASON/S FOR DECISION/S

3.1 By utilising the framework and awarding this contract to Alliance Leisure the Council will be able to deliver the proposed PSDS funded project at the Hydro

Leisure Centre within the tight timescales set out in the PSDS grant conditions.

3.2 This project will support the delivery of the Corporate Carbon Reduction Strategy and reduce Carbon emissions by 577 tonnes per year.

4.0 ALTERNATIVE OPTION/S CONSIDERED AND RECOMMENDED FOR REJECTION

4.1 Not to award the contract to Alliance Leisure and to undertake a procurement process in order to award contracts to contractors for the provision of professional services, goods and works. As the value exceeds the goods and services EU threshold (currently) £189,889 a full open tendering procurement process in accordance with the Public Contract Regulations 2015 could easily take in excess of 6 months. This is not recommended. To run a full open tendering procurement process would not allow us to meet the tight grant condition timescales, and the Council could potentially lose the funding and or be obliged to repay the grant funding in part or in full. The proposed professional services, goods and works under the decarbonisation scheme will be designed and installed to work in harmony with the larger HCC investment scheme.

4.2 This project is fully funded by a government grant of £1,838,338 that has been secured through a successful bid to the national Public Sector Decarbonisation Scheme. One of the grant conditions is that the grant funding must be spent by the end of September 2021, if this condition is not satisfied then there is a risk that the grant funding will need to be partly or fully repaid.

4.3 There would be significantly longer timescales associated with starting a new procurement process for the delivery of this project. This would increase the risk of Harrogate Borough Council needing to repay partly or fully the grant monies as it would not be able to fulfil the grant conditions by delivering the project by the end of September.

5.0 THE REPORT

5.1 Through the national Public Sector Decarbonisation Scheme, Harrogate Borough Council has bid for and secured £1,838,338. Confirmation that the Council was successful in its bid was received on 17 February 2021.

5.2 This scheme will deliver a project at the Hydro comprising of the components set out below and reduce Carbon emissions by 577 tonnes per year;

- Install of Air Source Heat Pumps and removal of gas fired boilers
- Install of Solar PV to the roof
- Install of Battery storage
- Chiller Upgrade
- Building Energy Management System Upgrade

5.3 The UK Leisure Framework (or Alliance Framework) is a fully compliant OJEU framework which allows for the direct appointment of Alliance Leisure

Services as a development manager for scoping, design, refurbishment, construction and development of projects.

5.4 The UK Leisure Framework was procured in accordance with full OJEU Procurement Regulations by Denbighshire County Council (DCC) in 2016. The Alliance Framework is owned by DCC but has appointed a management board comprising of DCC Officers and Alliance Leisure personnel.

5.5 The decision has been made to proceed with the UK Leisure framework for this scheme. This framework provides leisure facility expertise and is commonly used by other local authorities for this type of large scale leisure project. The Framework is fully OJEU compliant and provides a faster and more efficient procurement route.

6.0 REQUIRED ASSESSMENTS AND IMPLICATIONS

6.1 The following were considered: Financial Implications; Legal Implications;; Strategic Property/Asset Management Considerations; If applicable, the outcomes of any consultations, assessments, considerations and implications considered necessary during preparation of this report are detailed below;

6.2 Procurement have been consulted in respect of this report and have no issues. The UK Leisure framework agreement is a fully OJEU compliant route to market. The framework agreement complies with the Public Contracts Regulations 2015. The appointed suppliers to the framework have already gone through a competitive tender process in order to be appointed as a supplier to this framework. This ensures that the Council are getting best value for money. As the value exceeds the goods and services EU threshold a full open tender procurement process in accordance with the Public Contracts Regulations 2015 could easily take in excess of 6 months.

6.3 Legal Services have been consulted in relation to the contents of this report and note that the UK Leisure Framework was procured in accordance with full OJEU Procurement Regulations by Denbighshire County Council (DCC) in 2016 and that the framework is a fully compliant OJEU framework which allows for the direct appointment of Alliance Leisure Services as a development manager for scoping, design, refurbishment, construction and development of projects.

6.4 Financial implications – the expenditure associated with awarding the contract will be funded from the PSDS grant of £1,838,338 so there is no net cost to the Council. Roughly half of the cost would have been incurred as part of the planned redevelopment of the Hydro that is currently being worked up, and the grant will therefore reduce the cost of the future works, with the other half representing an increase in scope and specification that would not otherwise have been possible.

The project will need to be managed carefully to minimise the risk of works over-running and the grant becoming repayable.

7.0 CONCLUSIONS

- 7.1 The £1.8m grant secured for this project will support the delivery of the Corporate Carbon Reduction Strategy and reduce Carbon emissions by 577 tonnes per year.
- 7.2 By awarding this contract to Alliance Leisure the Council will be able to deliver a fully grant funded Decarbonisation scheme at the Hydro Leisure Centre within the tight timescales set out in the grant conditions.
- 7.3 There would be significantly longer timescales associated with starting a new procurement process for the delivery of this project. This would increase the risk of Harrogate Borough Council needing to repay the grant because it could not fulfil the grant conditions by delivering the project by September 2021.

Background Papers –

Report to Cabinet Member Culture, Tourism and Sport, 19 November 2020,
Appointment of Supplier for Professional and Construction Services.

Sport and Leisure Investment Strategy – Cabinet Report June 2020

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