

## DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
HEAD OF TECHNICAL SERVICES	EXECUTIVE COMMITTEE	25 JUNE 2024	7
<b>DRAWDOWN REPORT-WORKSHOP HEATING SYSTEM</b>			

### PUBLIC ITEM

This item is for consideration in the public part of the meeting.

### RELEVANT LEAD MEMBER

This item is within the remit of Lead Member for Customer and Operational Services (Councillor Michelle Morris)

### PURPOSE OF THE REPORT

The proposed project is to replace the existing heating oil system in the fleet management workshop at Snowdon Road Depot with a more modern, fit for purpose, energy efficient heating system to provide adequate welfare provision for staff working in this building. The report looks to draw down the Capital funding from the Councils 2024/25 Capital Programme and requests authority to delegate the award of contract to the Head of Technical Services.

### RECOVERABILITY

This decision is recoverable under section 7 of part 3 of the constitution.

### RECOMMENDATIONS

1. Approve the full drawdown of £116,740 within the 2024/25 Council's Capital Programme to replace the existing heating system, within the Fleet Workshop at Snowdon Road Depot.
2. Approve the delegation of the award of tender for the works contract to the Head of Technical Services based on the most economically advantageous tender to the Council.
3. Note that Blackpool Council's Mechanical Engineer has been engaged to project manage the scheme.
4. Note the award of works to the value of £9,254 to a contractor to remove the existing gas supply to the building and install a new one. The order for these works has been issued under section 6.7 of the Council's Constitution Financial Procedure Rules due to the urgent requirement for these works to be carried out prior to the main scheme. In accordance with those rules these works is now being reported to the committee for information.

### REPORT

#### BACKGROUND

1. The proposed project is to replace the existing heating oil system in the fleet management workshop, at Snowdon Road Depot with a more modern, fit for purpose, energy efficient heating system to provide adequate welfare facilities for staff working in this building. The existing heating oil system has been in place since 2010

and was transferred from the old Poulton Fleet Depot where it had previously been in use for many years. It requires replacing as it has become inefficient, costly to run and the infrastructure being used for the system is outdated. It is no longer viable to repair the system if it breaks down. This system is designed to heat the entire workshop area, including the MOT bay, fuel pits and vehicle ramps, by pumping heat through a fan system into the building rather than heating any specific work area or object. This results in significant heating loss whenever the roller shutter doors are opened throughout the day when manoeuvring vehicles in and out of the workshop and particularly in the MOT bay area, where there is a requirement for the roller shutter door to be opened constantly.

2. Another issue with the existing heating system is the oil tank, which is currently stored in an external container and is serviced annually by a contractor. During the last service in 2022 the team were advised that the oil tank and the container that houses the tank, both need to be replaced soon due to their deteriorating condition. If the existing tank starts to leak this could cause environmental damage including the potential of oil contaminating the surrounding area including local water watercourses which could result in the Council being prosecuted by the Environment Agency. If the tank and storage container are not upgraded there is a danger of the heating oil system being condemned with no other means to provide heating in the building, which further necessitates the need to explore alternative heating options for the workshop building to ensure compliance with health and safety standards.
3. After exploring new heating technologies suitable for workshops with Blackpool Council’s Mechanical Engineer, the best solution identified is an infrared heating system for the fleet workshop. Infrared heating uses shortwave heat, which is designed to heat objects and people directly rather than the air, which is ideal for a workshop building environment. This is because the workshop contains large open spaces that can be difficult to heat using the existing heating oil system.
4. Other heating systems have been considered and discounted such as wet systems (radiators), fan systems and ground source heat pumps. These methods are not suitable for large workshop areas, as they will heat the entire building and result in heat loss when the roller shutter doors are opened. A reliable, energy efficient, heating system for the workshop is essential and will assist the Council in realising cost saving benefits in the longer term with the uncertainty of rising oil fuel costs. Therefore, by investing in a more efficient, fit for purpose system will provide considerable cost savings to be made over the longer term.
5. A detailed breakdown of the funding strategy is detailed below -

**Table 1. Budget Estimate**

<b>Cost Heading</b>	<b>Description</b>	<b>Total £</b>
Removal and disposal of the old system	Removal of fan and vented system in the workshop area plus separate removal of the heating oil tank and container housing from site	6,720
Equipment for New Heating System	10 x gas fired radiant heaters including controllers, flues and all suspension kits etc	21,872
Installing New Heating System	Installation including new internal gas main, electrics, labour and all access equipment	40,603
Upgraded gas supply	Installation of upgraded gas supply including Cadent admin fees	21,535
Installing New Ventilation	New localised fan vents to be placed around workshop for increased air circulation	5,250
Approval costs	Building control costs	500
Project fees @ 10%	Project Management costs (Blackpool Council M&E specialist)	9,648
Contingency 10%	Contingency and inflation allowance	10,612
<b>Total Costs</b>	Full project costs	<b>116,740</b>

6. The capital budget of £116,740 to deliver the Snowdon Road heating scheme was approved at the Budget Council meeting of the 4<sup>th</sup> March 2024.
7. Regarding revenue budgets, utility costs are currently volatile so potential savings or additional costs are uncertain. However, based on estimated future price changes and expected use of the heating system, annual gas charges are estimated at about £7,000. Oil costs for 2022/23 were £8,200 and are likely to have further increased since. As such it is expected that there should be an annual revenue saving of at least £1,200 with the new system.

#### **PROCUREMENT AND VALUE FOR MONEY**

8. The removal of the existing heating oil system and the supply and installation of the new system will be delivered under Blackpool Council's specialist Mechanical and Electrical framework. Five contractors on the framework will be asked to provide a price to undertake the work. This complies with Fylde Council's procurement rules and procedures for mid-range contracts. It is recommended that once the tenders are received that the award of tender is delegated to the Head of Technical Services based on the most economically advantages to the Council.
9. Blackpool Council's Mechanical Engineer has been engaged to prepare the detailed specification and contract documentation, tender the works and project manage the removal of the old system and installation of the new system at a cost of £9648. The Head of Technical Services is satisfied that this represents value for money and is the best way to deliver the project.
10. The new system requires the existing gas supply to the building to be increased in capacity. This will require the existing gas supply to be disconnected and the old gas meter disposed of with a new gas supply pipe and meter to be installed. Due to the lead-in times required for these works and to ensure that the new gas supply is installed by the time the new heating system is in place, these works have been awarded to a contractor following a tender exercise where 3 quotes were received. The total value of this work is £9,254. The order for these works has been issued under section 6.7 of the Council's Constitution Financial Procedure Rules due to the urgent requirement for these works to be carried out prior to the main scheme. In accordance with those rules these works is now being reported to the committee for information.

#### **PROGRAMME**

- |   |                            |
|---|----------------------------|
| • Preparation of Specification and contract documents | 14 <sup>th</sup> June 2024 |
| • Out to tender                                       | 14 <sup>th</sup> June 2024 |
| • Award of Tender                                     | 15 <sup>th</sup> July 2024 |
| • Start on site                                       | 29 <sup>th</sup> July 2024 |
| • Complete  | 27 <sup>th</sup> Sept 2024 |

#### **RISK ASSESSMENT**

11. The main risk to the scheme is the upgrade of the existing gas supply. These works have already been commissioned to limit this risk.

#### **CONCLUSION**

12. Members are asked to approve the draw-down of £116,740 to enable officers to proceed with procuring a replacement heating system for the fleet workshops at Snowdon Road Depot and authorise the Head of Technical Services to award the contract once the tender process is complete.
13. Members are also asked to note that Blackpool Council's Mechanical Engineer has been appointed to project manage this scheme and that works to replace the existing gas supply have been awarded to a contractor under section 6.7 of the Council's Constitution Financial Procedure Rules due to the urgent requirement for these works to be carried out prior to the main scheme. In accordance with those rules these works is now being reported to the committee for information.

CORPORATE PRIORITIES	
Economy – To create a vibrant and healthy economy	✓
Environment – To deliver services customers expect	✓
Efficiency – By spending money in the most efficient way	✓
Tourism – To create a great place to live and visit	✓

IMPLICATIONS	
Finance	<p>Approve the full drawdown of £116,740 within the 2024/25 Council's Capital Programme to replace the existing heating system, within the Fleet Workshop at Snowdon Road Depot.</p> <p>Approve the delegation of the award of tender for the works contract to the Head of Technical Services based on the most economically advantageous tender to the Council.</p> <p>Note that Blackpool Council's Mechanical Engineer has been engaged to project manage the scheme.</p> <p>Note the award of works to the value of £9,254 to a contractor to remove the existing gas supply to the building and install a new one.</p>
Legal	None arising from this report
Community Safety	None arising from this report
Human Rights and Equalities	None arising from this report
Sustainability and Environmental Impact	The new heating system should be more efficient and have less environmental impact. By removing the old system the risk of a potential oil leak from the current storage will be mitigated
Health & Safety and Risk Management	The new heating system will be more suitable to the workshop environment which will improve working conditions for staff.

SUMMARY OF PREVIOUS DECISIONS
4 <sup>th</sup> March 2024 Full Budget Council – Approval of the capital programme for 2024/25 including the replacement of the heating system at Snowdon Road Depot's Fleet Workshop.

BACKGROUND PAPERS RELEVANT TO THIS ITEM		
Name of document	Date	Where available for inspection
None		

LEAD AUTHOR	CONTACT DETAILS	DATE
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