

REPORT OF
The Strategic Director for the Place Directorate
TO
Procurement Board
ON
16th February 2022

TITLE: Approval to go out to competition for a contractor to install the hydropower scheme at Charlestown Weir on the River Irwell as part of the Unlocking Clean Energy in Greater Manchester project (part funded by European Regional Development Fund).

RECOMMENDATION:

That Procurement Board grant authority for the procurement in accordance with the City Council's Contract Procedure Rules through an open tender process of contractors to install the hydropower scheme at Charlestown Weir on the River Irwell.

EXECUTIVE SUMMARY:

The purpose of this report is to request approval to go out competition for the delivery of the abovementioned project through an open tender process.

Salford City Council is seeking to install the hydropower scheme at Charlestown Weir on the River Irwell in order to increase local renewable energy generation and increase the flexibility of local energy supply as part of its contribution towards Greater Manchester's target of becoming a carbon-neutral city region by 2038.

The purpose of ERDF funding is as the funding of last resort to bring forward schemes that would otherwise not be deliverable, in this case due to cost and/or payback taking too long to repay the Invest to Save funds. ERDF has been awarded to these installations to address this gap in funding for the proposed investments and ensure the City Council is able to deliver the installations. The project "Unlocking Clean Energy in Greater Manchester (UCEGM)" is led by the Energy Systems Catapult, with the consortium also including Stockport, Wigan, Rochdale and Manchester Councils. The three Salford City Council sites (Charlestown hydro, Little

Hulton solar farm and solar car ports at Turnpike and Swinton Hall Road) are expected to produce about 2.5MW of electricity annually.

BACKGROUND DOCUMENTS:

- Five year environment plan for Greater Manchester
 - City Mayor Briefing – 21st October 2019 and 28th September 2020
 - Property & Regen Briefing—12th October 2020 & 21st July 2021.
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KEY DECISION: No

DETAILS:

Background

The GM 5 Year Environment Plan sets out five key environmental challenges that threaten the future health and prosperity of our City Region and the vision for Greater Manchester to be a clean, carbon neutral, climate resilient city region with a thriving natural environment and circular, zero-waste economy. Following the publication of the 5 Year Plan Salford City Council declared a Climate Emergency, stating its commitment to the plan and to becoming carbon neutral by 2038. The plan sets out the urgent actions all of us need to take over the next five years to achieve the aims for this period.

Salford City Council is seeking to install solar PV at its site in Kenyon Way, Little Hulton, a Hydro scheme at Charlestown Weir and solar car ports at Turnpike and Swinton Hall Road depots, in order to increase local renewable energy generation and increase the flexibility of local energy supply as part of its contribution towards Greater Manchester's target of becoming a carbon-neutral city region by 2038.

ERDF funding has been awarded which will address a gap in funding for the proposed investments, to bring forward schemes that would otherwise not be deliverable and ensure the City Council is able to generate a surplus across the lifecycle of each project. The project "Unlocking Clean Energy in Greater Manchester (UCEGM)" is led by the Energy Systems Catapult, with the consortium also including Stockport, Wigan, Rochdale and Manchester Councils.

Hydropower at Charlestown Weir

Salford City Council is seeking to install the hydropower scheme at Charlestown Weir on the River Irwell to boost local renewable energy generation and increase the flexibility of local energy supply. Planning permission and EA permits for the scheme were sought and awarded to Hydrosense in 2019. However, the company were not able to take the scheme forward due to economic viability. ERDF funding will address a gap in funding for the proposed investment and ensure the Council is able to generate a surplus across the project's lifecycle.

The scheme comprises installation of a single Archimedes screw design, construction of an engine house, and installation of a fish pass and eel pass.

The total project will cost around £1.5m and attract ERDF funding of around £689,000.

It will generate up to 710,000kWh of renewable energy, the equivalent of the power required for around 200 homes. Works to install the scheme will take approximately 6 months when contractors start on site in Summer 2022.

Procurement Route

Following an initial review of frameworks it is thought that the specific nature of the required install is not covered in any existing frameworks that we are aware of and that an open tender is the most suitable route to procure.

Prior Information Notice

The Council has recently embarked on a market engagement exercise to inform the procurement for this project. A Prior Information Notice was issued on Tuesday 11th January 2022 to alert the market of the upcoming procurement and seeking responses from prospective future tenderers on a number of points which will help to inform the procurement documents and project team on risks and timescales. The PIN closed on Tuesday 25th January and there were three responses from contractors which will inform the procurement process.

Social Value

The specification provided to tenderers will make clear Salford's Social Value requirements and given the value of this award this will be assessed by the Social Value Portal. The scoring for the contract will ensure that social value is at least 15%. Social Value will be measured and monitored through the Social Value Portal throughout the installation.

KEY COUNCIL POLICIES:

- Five year environment plan for Greater Manchester
- Great Eight Priority - Tackling the climate emergency
- Climate Emergency Declaration

EQUALITY IMPACT ASSESSMENT AND IMPLICATIONS:

N/A

ASSESSMENT OF RISK:

The programme has a risk register in place and mitigation measures.

It is essential that all procurement and work is carried out within ERDF rules to ensure there is no claw back, we will be supported by Manchester City Council's Technical Assistance team to help ensure all necessary rules are followed.

Salford City Council will put in place a procurement plan, to be shared with ESC, and preparation sessions will be put in place. A project wide procurement strategy has been prepared.

Programme management and compliance resource to cover finance, reporting, compliance requirements, to cover three years of project and closedown period. Partner responsibilities with regard to reporting, compliance and audit are set out clearly in the partnership agreement and will be monitored regularly by the lead partner. Details of processes are included within Programme Handbook and will be updated as needed to ensure that consistency and quality of process is applied throughout the project to minimise compliance risk. Project performance and compliance to be reviewed internally at least twice a year to ensure that operations, processes and systems remain on track.

Future survey results and further feasibility work on the scheme could reveal issues requiring remediation or additional work or complication, or costs may have changed since design and feasibility work was completed. To mitigate this the detailed cost breakdown has some risk uncertainty priced in.

SOURCE OF FUNDING:

See financial comments below.

LEGAL IMPLICATIONS:

The terms of any grant funding agreement with ERDF will need to be adhered to in the event that there are clawback provisions for failure to comply. Legal Services will advise on any terms upon receipt of a copy of the agreement to ensure the Council's interests are protected and any provisions of concern or significant risk are highlighted. Any (then) state aid implications have been addressed

When commissioning contracts for the procurement of goods, services or the execution of works associated with the project, the Council as a 'contracting authority' must comply with the Public Contracts Regulations 2015 (PCR) as well as the provisions of its own Contractual Standing Orders (CSO's), Financial Regulations and the duties of Best and Social value, or be at risk of challenge from an aggrieved provider. ERDF funding agreements usually require compliance with PCR in any event.

The report sets out that the Council proposes to enter into a compliant procurement process using the open procedure to support the delivery of the project (as the nature of the project is too specific to be caught by an existing framework arrangement), and will advertise the opportunity in accordance with CSO's and PCR, with the added benefit that undertaking a tender exercise in this way will give some comfort to the Council in ensuring that value for money is being obtained and tested, with open competition maintained. The carrying out of a compliant procurement exercise will ensure that the risk of challenge to the final award of the contract to the selected contractor is minimal and that any challenge, should it materialise, is unlikely to be successful.

As part of the procurement process, the Council has recently published a Prior Information Notice (sometimes referred to as Early Market Engagement Notice or Future Opportunity Notice) which sets out its purchasing intentions for the project to assist the market with knowledge of the procurement pipeline. PINs signal to the wider market that the Council has a specific upcoming commercial need that will require support from one or more external suppliers. PCR introduced early market engagement now being specifically permitted in the legislation when using PINs. This means the Council can talk openly to suppliers about the procurement before the tender is released without fear of accusations of unfair bias in the procurement process.

Legal Services has advised previously on the terms of the Partnership Agreement for the project "Unlocking Clean Energy in Greater Manchester (UCEGM)" referred to in the report, which is led by the Energy Systems Catapult, with the consortium also including Stockport, Wigan, Rochdale and Manchester Councils.

SCC will need to secure all necessary and appropriate rights and permissions (including, where appropriate, acquisition of land) to enable them to access, construct, retain and operate the hydro-electric project and the construction / operation of the eel pass from relevant owners of the weir and land on either the river banks along with all necessary and appropriate statutory consents and approvals. There may be delays in securing all necessary and appropriate rights and permissions etc. and this needs to be factored into the procurement process to avoid having to re-procure the contract.

The Shared Legal Service will provide advice on any of the issues referred to above including any relevant documentation to implement the proposals.

FINANCIAL IMPLICATIONS: Supplied by: Gemma Singleton, Senior Accountant

There is funding available under the Unlocking Clean Energy in GM Programme to go out to tender for this project.

Funding is ERDF grant and Salford match funding through Invest to Save.

Capital code: D07175

PROCUREMENT IMPLICATIONS: Supplied by: Heather Stanton, Category Manager

We intend to go out to open tender to ensure a fair and transparent process for this project. We have advertised a Prior Information Notice on the Chest to inform the market of our intentions and to gain valuable information on the interest this project is likely to receive. This complies with SCC standing orders and the ERDF funding guidance.

HR IMPLICATIONS: Supplied by:

N/A

CLIMATE CHANGE IMPLICATIONS: Supplied by: Hayley Nixon

The GM 5 Year Environment Plan commits GM to increasing local renewable energy generation by at least 45 MW by 2024 and councils need to be at the forefront of this work. The “Unlocking Clean Energy in Greater Manchester (UCEGM)” bid could generate 15% of the total GM target with this installation generating up to 710,000kWh of renewable energy, the equivalent of the power required for around 200 homes.

OTHER DIRECTORATES CONSULTED:

N/A

CONTACT OFFICER:

Michael Hemingway, Climate Change Officer
Hayley Nixon, Commercial Project Manager

WARD(S) TO WHICH REPORT RELATE(S):

N/A
