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Planning

## **Birkenhead Heat Network - Preliminary Market Engagement**

Wirral Borough Council

F01: Prior information notice

Prior information only

Notice identifier: 2024/S 000-035474

Procurement identifier (OCID): ocds-h6vhtk-04b347

Published 1 November 2024, 12:51pm

### **Section I: Contracting authority**

#### **I.1) Name and addresses**

Wirral Borough Council

Mallory Building, 2 Alice Ker Square

Birkenhead

CH41 2AB

#### **Contact**

Mr Dan Cheetham

#### **Email**

[dancheetham@wirral.gov.uk](mailto:dancheetham@wirral.gov.uk)

#### **Country**

United Kingdom

**Region code**

UKD74 - Wirral

**Internet address(es)**

Main address

<http://www.wirral.gov.uk/>

Buyer's address

<http://www.wirral.gov.uk/>

**I.3) Communication**

The procurement documents are available for unrestricted and full direct access, free of charge, at

<https://procontract.due-north.com/>

Additional information can be obtained from the above-mentioned address

**I.4) Type of the contracting authority**

Regional or local authority

**I.5) Main activity**

General public services

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## **Section II: Object**

### **II.1) Scope of the procurement**

#### **II.1.1) Title**

Birkenhead Heat Network - Preliminary Market Engagement

Reference number

DN747924

#### **II.1.2) Main CPV code**

- 65000000 - Public utilities

#### **II.1.3) Type of contract**

Services

#### **II.1.4) Short description**

The project comprises development of a new heat network serving a mix of buildings including new build residential, existing residential, new build commercial and existing commercial. The project forms an integral part of Birkenhead 2040 Regeneration Framework; one of the biggest brownfield redevelopment sites in the UK. This regeneration of Birkenhead will take place across nine areas providing 21,000 new homes and almost 1,000,000m<sup>2</sup> square metres of employment space over the next 20 years.

Wirral Council will be procuring a private sector partner to develop a heat network in Birkenhead on a concession basis whereby the private sector partner is expected to take most risk regarding the design, build, finance, operation and maintenance of the network. As network operator the private sector partner will be required to connect and supply heat to specified controlled buildings.

The area to be served by the BHN has been identified as a 'priority district heating zone' in Wirral's Local Plan. It will make a significant contribution to reducing the carbon impact of new / existing development in the Borough and provide opportunities to residents and businesses for lower cost heating. The project is well-aligned with regional policy objectives and initiatives. It also fits into the Government's introduction of 'heat network zoning', which, through implementation, will mandate certain types of buildings in identified urban areas such as Birkenhead to connect to district heating within a prescribed timeframe. It is envisaged that, once HN zoning is in place, BHN could benefit from zoning 'incumbency' rules – meaning that nearby eligible buildings will be mandated to connect, further securing demand.

The network is intended to supply heat to:

- New Build Residential buildings
- Existing Residential buildings
- New Build Commercial buildings
- Existing Commercial buildings

The project will be delivered through Wirral Council procuring an ESCo. The Council and private sector partner will be shareholders in the ESCo albeit that the Council's shareholding will be limited to a "Golden Share". The Council will not be investing in the project, the Golden Share will simply allow the Council to exercise control in relation to a limited number of reserved matters including carbon intensity, reporting and tariffs. It is anticipated that there will be a concession agreement between the Council and the ESCo which will provide the ESCo with the right to design, install, operate and maintain the network. As part of the concession agreement, the ESCo will take most of the risk and benefits from the building and running of the network. The ESCo will be required to source ALL capital funding for the project. Potential private sector partners will be required to set out their funding plan and the robustness and deliverability of this funding plan will be an important bidder evaluation measure.

The revenue derived over the 40 years of the network is estimated to be in the region of £200m - £250m. This includes all phases and connected buildings in the core scheme and allowing for further expansion with the wider geographic area.

#### **II.1.5) Estimated total value**

Value excluding VAT: £250,000,000

#### **II.1.6) Information about lots**

This contract is divided into lots: No

### **II.2) Description**

#### **II.2.2) Additional CPV code(s)**

- 09323000 - District heating

#### **II.2.3) Place of performance**

NUTS codes

- UKD74 - Wirral

## **II.2.4) Description of the procurement**

It is anticipated that the project will be procured under the Competitive Flexible Procedure under the Procurement Act 2023. The process will be developed so that it follows a structure similar to the current Competitive Dialogue Procedure with the process being initiated from February 2025.

### **II.2.14) Additional information**

Wirral Council are undertaking this preliminary market engagement to consult with potential Partners to inform a delivery strategy. This will not be defined as negotiation and any future tender process will remain a competitive process.

The preliminary market engagement is being carried out under the provisions of Regulations 40 and 41 of the Public Contracts Regulations 2015 (SI 2015/102).

Prior to formally launching the procurement process, we would like to invite interested parties who may wish to tender to attend an online project information session on the morning of 26 November 2024 to find out more about this opportunity and ask questions. If you wish to attend this session, please respond via the Chest portal <https://procontract.due.north.com> – Project Ref: DN747924 confirming your desire to attend together with providing the information requested in Appendix 1 of the published Preliminary Market Engagement Information Pack, no later than 18 November 12 Noon.

## **II.3) Estimated date of publication of contract notice**

28 February 2025

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## **Section IV. Procedure**

### **IV.1) Description**

#### **IV.1.8) Information about the Government Procurement Agreement (GPA)**

The procurement is covered by the Government Procurement Agreement: Yes