

Strategy and Resources Committee

20 September 2022

COMMUNITY & WELLBEING CENTRE BOILERS REPLACEMENT CAPITAL PROJECT

Head of Service: Mark Shephard, Head of Property and Regeneration
Wards affected: (All Wards);
Urgent Decision?(yes/no) no
If yes, reason urgent decision required:
Appendices (attached): None

Summary

This report requests authorisation to increase the budget for the Community & Wellbeing Centre boilers replacement project.

Recommendation (s)

The Committee is asked to:

- (1) Authorise additional funding of £55,000 from the Capital Receipts Reserve to deliver replacement boilers and controls at the Community & Wellbeing Centre.

1 Reason for Recommendation

- 1.1 The project is important for the delivery of the capital programme and support the Council's Climate Change Action Plan.
- 1.2 Once completed, it will reduce the Council's carbon footprint, provide revenue savings, upgrade our assets, reduce our maintenance costs and provide business continuity.

2 Background

- 2.1 Reflecting the current economic environment, EEBC has been experiencing very high levels of pricing for tendered projects. This has prevented some projects from proceeding due to insufficient budget allocation.

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- 2.2 EEBC is not alone with both the public and private sectors experiencing unprecedented national and global inflationary pressures. Factors include a shortage of skilled labour in the building and engineering industries, increased material and transport costs, the energy crisis, Brexit supply issues and the continuing invasion of Ukraine.
- 2.3 The existing capital budget is insufficient to cover the unforeseen scale of these increases and exceeds officer delegation to accommodate minor budget adjustments.

3 Community & Wellbeing Centre – boilers replacement

- 3.1 The works include the replacement of the boilers and water heaters at the Community & Wellbeing centre. This is to reduce the energy consumption and provide a more efficient source of heating and hot water, to support the Council's Climate Change Action Plan.
- 3.2 The heating and hot water boilers are the inefficient non-condensing type and over 10 years old. The control panel is 20 years old and in need of replacement.
- 3.3 The building is used as a local support hub for the elderly as well as providing specific facilities for those clients unable to cope on their own. The building requires a specific level of heat for comfort and the replacement of the plant will ensure that continuity.
- 3.4 The replacement boilers are estimates to provide a gas saving of 25% and a reduction in electricity running costs by replacing the electric hot water cylinders with gas operated cylinders.
- 3.5 The expected reduction in costs will reduce the Council's energy expenditure at a time of rapidly rising energy prices.
- 3.6 The project has been tendered twice; the first tender was returned with only one tender received out of a requested four. Officers believed this tender to be high at £134,000 and the decision to re-tender was taken to obtain better value.
- 3.7 Following the second tender exercise, four priced tenders were returned out of the seven selected, with the cost ranging from £105,000 to £160,000.
- 3.8 The project was tendered on 100% price with no quality scoring matrix required. The lowest priced return will be awarded the tender as all suppliers are reputable mechanical and electrical companies.
- 3.9 Officers recommend awarding the contract to the lowest tender for the sum of £105,000.

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- 3.10 The existing budget is £50,000 and therefore, additional funds of £55,000 are requested for the project to proceed.
- 3.11 The duration of the works is estimated to be 8 weeks but as the heating will need to be turned off while the works are undertaken, the project cannot be commenced until the Summer of 2023. This is due to the elderly residents at the centre being particularly vulnerable and need to be kept warm.
- 3.12 It is anticipated that the £55,000 additional funding could be taken from the Capital Receipts Reserve, in line with the original funding source for this scheme.

4 Risk Assessment

Legal or other duties

- 4.1 Equality Impact Assessment
 - 4.1.1 None for the purpose of this report.
- 4.2 Crime & Disorder
 - 4.2.1 None for the purpose of this report.
- 4.3 Safeguarding
 - 4.3.1 None for the purpose of this report.
- 4.4 Dependencies
 - 4.4.1 None for the purpose of this report.
- 4.5 Other
 - 4.5.1 None for the purpose of this report.

5 Financial Implications

- 5.1 The scheme meets the Council's agreed capital programme criteria as it is considered essential for business/service continuity.
- 5.2 Allocating an additional £55,000 from the Capital Receipts Reserve would reduce the reserve's balance available for other projects down to £3.3m. The reserve has an agreed minimum threshold of £1m, and is close to this level when considering future capital liabilities as set-out in the Council's Asset Management Plan.
- 5.3 **Section 151 Officer's comments:** Financial implications are set-out in the body of the report.

6 Legal Implications

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6.1 **Legal Officer's comments:** none arising from the contents of this report.

7 Policies, Plans & Partnerships

7.1 **Council's Key Priorities:** The following Key Priorities are engaged:

- 7.1.1 Effective council – maximise opportunities to improve the use of our buildings.
- 7.1.2 Safe & Well – improve the health and wellbeing of our communities, focusing in particular on those who are more vulnerable.
- 7.1.3 Green & Vibrant - reduce our impact on the environment and move closer to being carbon neutral.

7.2 **Service Plans:** The matter is included within the current Service Delivery Plan.

7.3 **Climate & Environmental Impact of recommendations:** The scheme is specifically designed to be energy saving and will reduce the Council's carbon footprint, which is consistent with the Climate Change Action Plan.

7.4 **Sustainability Policy & Community Safety Implications:** The project assists with environmental sustainability by reducing carbon emissions.

7.5 **Partnerships:** None

8 Background papers

8.1 The documents referred to in compiling this report are as follows:

Previous reports:

- None

Other papers:

- None