

HALLS, CEMETERIES & ALLOTMENTS COMMITTEE

Date: Monday, 5 June 2023

Title: Burwell Heating System Update

Contact Officer: Project Officer - Nicky Cayley

Background

In 2022, the Council looked at alternative green options to replace the current boiler at Burwell Hall which was approaching the end of its life; these were: Ground Source and Air Source heating, which were cost prohibitive and solar panels which were not suitable due to the proximity to the ground and previous vandalism to the roof of the hall. The installation of a Micro Fuel Cell CHP boiler was the most suitable 'greener' option and although being explored as new technology, the Council were favourable providing assurances on risks could be provided. However, due to warnings by contractors about the existing boiler the Council resolved to install a new energy efficient gas boiler in November 2022 ahead of the winter.

Following a review by officers early this year, the Council rescinded this decision and agreed to install the Micro Fuel Cell CHP boiler as there was a supplier who had allayed many initial concerns about the system -the concept behind the choice was to reduce the carbon footprint of the Council.

Current Situation

The RFO, as part of due diligence, carried out a credit check on the company selected to supply and install the boiler. The credit checks highlighted that to proceed with the company would be too high a risk for the Council in financial terms. Therefore, this option has had to be discounted.

The Head of Estates and Operations has had conversations with other potential suppliers, but it has become apparent to him this is a niche market in the U.K at the present time and he has been unable to source another supplier/installer. Therefore this is not going to be a viable option for the Council.

This means that the Council is left with only one option in terms of financial viability which is a new gas boiler. This will be vastly more efficient than the current gas boiler and water heater but unfortunately not as environmentally friendly as the Micro Fuel Cell CHP boiler.

Environmental impact

Having declared a Climate Change Emergency at its Council meeting on 26 June 2019 – with this in mind Councillors should have due regard to the environmental impact of any decisions they make with regard to its facilities and services it operates.

A new gas boiler will be more energy efficient, and if combined with the installation of insulation in the roof space and modern controls (including remote accessibility), this is still a step in the right direction, albeit not as much as hoped for.

Risk

In decision making Councillors should consider any risks to the Council and any action it can take to limit or negate its liability.

The RFO had advised against proceeding with the installation of the Micro Fuel Cell CHP boiler due to the financial risk that the credit checks on the supplier and installer have revealed.

Financial implications

As part of the Council's due diligence when placing contracts, the RFO undertook a credit check in relation to the company with whom it was hoped to place the contract. This showed that the company was deemed to be a high risk with a credit score of 22/100 and a credit limit of £0. On querying with the company, they did point to another credit check provider whose scores were much higher. The RFO considered matters further, including undertaking credit checks with two other companies and considering the financial information available on the company concerned. He noted that the company required a deposit of £9,850 (50% of contract) on an order being placed and also noted the risks involved in an installation project where defects might need to be addressed sometime after installation. Consequently, the RFO recommended that due to financial risks the council should not enter into a contract with the company concerned.

The Project Officer and Operations Manager have at this point obtained two quotes for a new boiler/hot water system for indicative purposes.

Quote 1: £22,364.31 plus VAT (Thermostatic radiator valves can be replaced for £118.00 plus vat each.)

Quote 2: £23,485.00 plus VAT. Remote monitoring available at £1,500 plus VAT plus £450.00 plus VAT per annum for server costs.

The budget for a replacement boiler/heating system at Burwell Hall is £30,000.

Recommendations

Members are invited to note the report and consider the following:

1. To rescind the decision to proceed with the purchase and installation of the Micro Fuel Cell CHP boiler. *[The Committee should note that Standing Order 23/23(a) will need to be suspended in order to make this decision. This is not best practice and is only possible as*

this is not a legislative SO but there is no other option if the Council wishes to proceed with the replacement gas boiler];

2. To delegate authority to senior officers to proceed with the procurement and purchase of a modern gas boiler that is within budget, to include modern controls and remote access.