

## **BRECKLAND DISTRICT COUNCIL**

**Report of:** Steve James – Executive Director

**Cllr Paul Hewett Executive Member for Property, Projects, and Procurement**  
**Cllr Helen Crane Executive Member for Waste, Environmental Health, Licensing & Sustainability**  
**Cllr Tristan Ashby Executive Member for Health & Communities**

**To:** Cabinet 3<sup>rd</sup> July 2023  
Council 13<sup>th</sup> July 2023

**Author:** Ben Cooper-Welch – Contract Monitoring Officer (PFI)

**Subject:** PFI Decarbonisation Project

**Purpose:** To present identified opportunities which will improve carbon reduction and energy saving measures at the Leisure centres, and to provide a recommendation for a preferred technology mix to move into delivery at both PFI sites ensuring optimum decarbonisation and / or energy cost saving.

### **Recommendation(s):**

- 1) That Cabinet recommend Full Council agree to the release of funds up to **£530,000** from **Growth Reserves** to enable to the delivery of preferred technology mix (Option 2 of this report) to ensure improvements at both PFI sites for carbon reduction and / or energy cost saving.
- 2) That Cabinet recommend to Full Council to delegate authority to accept the terms and conditions of any future grant funding secured to Executive Member for Health & Communities in consultation with the Assistant Director Contracts and Operations as officers continue to explore all external funding opportunities.
- 3) That delegation is given to the Assistant Director Contracts and Operations and the Council Solicitor in consultation with the Executive Member for Property, Projects and Procurement to carry out negotiations with Parkwood Leisure and associated companies to obtain the best benchmarking outcome for the Council.

## **1.0 BACKGROUND**

- 1.1 The Council first identified an opportunity to invest in the PFI sites and reduce carbon emissions following a carbon audit in 2019-20
- 1.2 Due to the nature of the leisure provisions [namely swimming] at these sites they are a significant contributor to the Scope 3 carbon emissions of the Council.
- 1.3 Following adoption of its Sustainability Strategy the Council has been exploring numerous options as to how to improve both decarbonisation and energy cost saving at both sites. Officers have, and continue to explore external funding opportunities, and should any of these come to fruition before investment is made, they would be used to offset the costs outlined in this report where appropriate.

- 1.4 Throughout the past 12-months the Council has been engaging with the leisure operator and their energy and sustainability team to undertake feasibility works for a variety of technologies that could be utilised at the sites. In addition, the Leisure Operator has invested in improvements and training at both sites to reduce energy usage and despite increased participation over time, energy usage has continued to decline. That said, physical improvements to the site are required to make further impacts moving forward.
- 1.5 Opportunities such as pool covers, LED lighting conversions, installation of PIR lighting sensors, valve and pipework insulation have already been installed at both centres. Breckland contributed £111k across both sites towards pool covers and LED conversions.
- 1.6 Opportunities such as heat recovery systems, biomass boilers, air source heat pumps, and Combined Heat and Power unit (CHPs) were identified but not recommended at this time (CHP was installed in Thetford).
- 1.7 Opportunities to be considered for delivery include fabric improvements, destratification, and Building Management Systems (BMS) optimisation works.
- 1.8 The Council is now in a position to consider the destratification option. This would involve ceiling fans being installed which force heat back down to reduce heat loss therefore requiring less heating and as such deliver financial and carbon savings as set out below. This technology has been mixed with some other technology improvements to give the best return in terms of energy saving and carbon reduction.

## 2.0 OPTIONS

- 2.1 To release funding to the value of **£238,675 (£240,000)** and proceed with delivery of 'Option 1' from report. This would see the following delivered at Thetford & Dereham. Installation of destratification fans (pool hall only), BMS optimisation works, lagging improvements. This option would see an estimated overall cost saving of £77,169 across both sites (Thetford = £20,270, Dereham = £56,899) and a reduction in total annual carbon emissions (TCO<sub>2e</sub>) from both centres would see an estimated overall annual carbon reduction of 105.06 tonnes across both sites (Thetford = 38.79, Dereham = 66.27) \*
- 2.2 To release funding to the value of **£528,524 (£530,000)** and proceed with delivery of 'Option 2' from report. This would see the following delivered at Thetford & Dereham. Installation of destratification fans (whole centre), BMS optimisation works, lagging improvements, optimisation of heating systems. Thetford would also see replacement of single glazed windows. This option would see an estimated overall cost saving of £116,171 across both sites (Thetford = £51,322, Dereham = £64,849) and a reduction in total annual carbon emissions (TCO<sub>2e</sub>) from both centres would see an estimated overall annual carbon reduction of 175.55 tonnes across both sites (Thetford = 89.10, Dereham = 86.45) (Recommended)\*
- 2.3 To release funding to the value of **£1,016,215 (£1,020,000)** and proceed with delivery of 'Option 3' from report. This would see the following delivered at Thetford & Dereham. Installation of destratification fans (pool hall only for Thetford, whole centre for Dereham), BMS optimisation works, lagging improvements, building fabric improvements, optimisation of heating systems. This option would see an estimated overall cost saving of £122,178 across both sites (Thetford = £54,127, Dereham = £68,051) and a reduction in total annual carbon emissions (TCO<sub>2e</sub>) from both centres would see an estimated overall annual carbon reduction of 190.38 tonnes across both sites (Thetford = 97.42, Dereham = 92.96) \*

2.4 Do nothing.

\*All option costings above are inclusive of design / project management fee estimates and contingency

### 3.0 REASONS FOR RECOMMENDATION(S)

3.1 Option 2 (as outlined in Para 2.2) offers the largest mitigation in terms of revenue impact for capital investment made and provides a significant improvement in terms on annual carbon reduction.

3.2 Although option 3 (as outlined in Para 2.3) would see further annual cost savings and annual carbon reduction, the difference in both areas when compared to option 2 which would be gained from a significant uplift in capital expenditure does not lead to a recommended option.

3.3 As part of the PFI contract, a contractual benchmarking exercise is currently taking place which will result in an increase to the payment made to the leisure contractor in April 2024. The initial benchmarking figure, which would fall to the Council, received from leisure operator on **31<sup>st</sup> May 2023** was **£545,651**. As identified in para 3.1, capital expenditure to fund the installation of these decarbonisation / energy saving technologies can be used as part of this process to mitigate against these costs as the leisure operator will benefit short to medium term from reduced energy consumption and therefore lesser utility costs.

### 4.0 EXPECTED BENEFITS

4.1 Significant reduction in total annual carbon emissions (TCO<sub>2e</sub>) from both centres would see an estimated overall annual carbon reduction of 175.55 tonnes across both sites (Thetford = 89.10, Dereham = 86.45)

4.2 An estimated overall annual cost saving of £116,171 across both sites (Thetford = £51,322, Dereham = £64,849).

4.3 The figure outlined within para 4.2 above would be expected to be used to mitigate against the PFI benchmark figure.

4.4 Following hand back in 2039, both buildings return to the Council and will be more energy efficient at this time than previously anticipated.

### 5.0 IMPLICATIONS

In preparing this report, the report author has considered the likely implications of the decision - particularly in terms of Carbon Footprint / Environmental Issues; Constitutional & Legal; Contracts; Corporate Priorities; Crime & Disorder; Data Protection; Equality & Diversity/Human Rights; Financial; Health & Wellbeing; Reputation; Risk Management; Safeguarding; Staffing; Stakeholders/Consultation/Timescales; Other. Where the report author considers that there may be implications under one or more of these headings, these are identified below.

#### 5.1 Carbon Footprint / Environmental Issues

5.1.1 As outlined in Para 4.2 an estimated annual reduction in carbon emissions of 175.55 tonnes has been identified (Thetford = 89.10, Dereham = 86.45). this will contribute towards our scope 3 emissions reduction.

## 5.2 **Contracts**

5.2.1 As outlined above in Para 3.3 and 4.2, it is expected that these cost savings can be used to help mitigate the uplift in the benchmark figure.

## 5.3 **Corporate Priorities**

5.3.1 Both PFI sites have previously been identified as Council held assets with good area for improvement in relation to carbon reduction and this investment will significantly contribute towards the Breckland 2035 council priority.

## 5.5 **Financial**

5.5.1 Capital investment of **£528,524 (£530,000)**, as outlined in Para 2.2, would be committed to the project with the annual cost savings expected to be saved against the uplift in the benchmark figure.

5.5.2 Expected ROI is set out in Appendix 1 of this report.

## 5.6 **Reputation**

5.6.1 It is reasonable to suggest that this investment will receive positive PR as a result of reducing emissions from the leisure centres.

5.6.2 Residents *may* question if this is best use of funding during 'cost of living crisis' period, however the investment will be used to reduce the ongoing cost of running the centres ensuring they continue to be available to the community.

## 5.7 **Risk Management**

5.7.1 Any decarbonisation and / or energy saving projects to be monitored as a part of the PFI contract monitoring processes.

## 5.8 **Stakeholders / Consultation / Timescales**

5.8.1 Leisure Operator, Breckland Leisure Ltd, Parkwood Project Management, Equitix.

5.8.2 Funding released would be passed to our contractor to undertake any works.

5.8.3 Any works and ongoing management, and usage, to be monitored as part of the PFI contract monitoring processes.

## 6.0 **WARDS/COMMUNITIES AFFECTED**

6.1 *Thetford Boudica*  
*Thetford Burrell*  
*Thetford Castle*  
*Thetford Priory*  
*Dereham Neatherd*  
*Dereham Withburga*

7.0 **ACRONYMS**

- 7.1 BMS – Building Management System
- CHP – Combined Heat and Power
- LED – Light Emitting Diode
- PIR – Passive Infrared
- ROI – Return on Investment
- TCO2e – Total Carbon Emmisions

7.2 ...

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Background papers:- NA

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**Lead Contact Officer**

Name and Post: Ben Cooper-Welch  
Telephone Number: 01362 656 870  
Email: ben.cooper-welch@breckland.gov.uk

**Key Decision:** Yes

**Exempt Decision:** No

**This report refers to a Mandatory Service / Discretionary Service** (delete as appropriate)

**Appendices attached to this report: (list appendices below or delete)**

Appendix A Financial Proforma B