

Waverley Borough Council

Report to: Executive

Date: 7 May 2024

Ward affected: Farnham Castle

Report of Director: Place

Author: Delma Bryant

Tel: 01483 523148

Email: delma.bryant@waverley.gov.uk

Executive Portfolio Holders responsible: Steve Williams and Kika Mirylees

Email: steve.williams@waverley.gov.uk and
Kika.mirylees@waverley.gov.uk

Report Status: Open

Key Decision: Yes

Decarbonisation of Farnham Leisure Centre

1. Executive Summary

Farnham Leisure Centre is currently heated by end-of-life gas boilers. An Energy Audit was carried out by Everyone Active's appointed consultants, Leisure Energy. The energy report identified a wide range of energy efficiency improvements including the replacement of the boilers with Air Source Heat Pumps. This proposal would reduce the carbon emissions at the leisure centre by 186.7 tonnes of CO₂e a year at a cost of £1,765,000. This project supports Waverley Borough Council's (WBC) and Everyone Active's ambition to become carbon neutral by 2030. Farnham Leisure Centre accounts for 9% of WBC's carbon emissions and Farnham Leisure

Centres will be one of the identified priority projects in the Carbon Neutrality Action Plan.

A successful bid was made under the Public Sector Decarbonisation Scheme for £1.545 million to fund the air source heat pumps and £330K from the 2023/24 Empty Homes Grant for the required match funding. This would be a two-year project with a completion date of 30th March 2026. This bid was successful, and approval is now being sought to use that grant to deliver the proposed work on Farnham Leisure Centre.

2. Recommendation to Executive

It is recommended that the Executive;

2.1 Approves the use of the £1.545 million grant funding from the Public Sector Decarbonisation Scheme and contribution of £330K from the Empty Homes Grant to install air source heat pumps at Farnham Leisure Centre, and;

2.2 Delegates authority to the Strategic Director - Place to appoint a contractor and enter into the necessary design and build contractual agreement(s) in accordance with the requirements of the Council's Contract Procurement Rules.

3. Reason(s) for Recommendation:

3.1 The boilers at Farnham Leisure Centre need to be replaced as they are at the end of their life.

3.2 WBC has made a successful bid for £1.545 million from the Public Sector Decarbonisation Scheme and secured a £330K contribution from the Empty Homes Grant to fund the replacement of those boilers with air source heat pumps.

4. Exemption from publication

4.1 No

5. Purpose of Report

5.1 To seek approval to use of the £1,545,000 grant funding secured from the Public Sector Decarbonisation Scheme and £330k contribution from the Empty Homes Grant to deliver the proposed work on Farnham Leisure Centre.

6. Strategic Priorities

6.1 This report is directly linked to the delivery of the aims of the Climate Emergency, one of the WBC's key priorities, which is part of the service delivery plan.

7. Background

7.1 Farnham Leisure Centre is currently heated by end-of-life gas boilers. An Energy Audit was carried out by Everyone Active's appointed consultants, Leisure Energy. They prepared an energy report identifying a wide range of energy efficiency improvements including improvements to the insulation, AHU and pump, the replacement of the boilers with Air Source Heat Pumps (air to Water) and the installation of Solar PV. These measures would actively support WBC's and Everyone Active's ambition to become carbon neutral by 2030. Farnham Leisure Centre accounts for 9% of Waverley Borough Council's carbon emissions and will be one of the identified priority projects in the Carbon Neutrality Action Plan.

7.2 To achieve WBC's net zero carbon target Leisure Energy recommended that the current gas boilers be replaced with Air Source Heat Pumps. This would reduce the carbon emissions at Farnham Leisure Centre by 186.7 tonnes of CO₂e a year at a cost of £1.765 million. A bid was made under the Public Sector Decarbonisation Scheme 3c for £1.545 million to fund the air source heat pumps and £330K from the 2023/24 Empty Homes Grant for the required match funding. This would be a two-year project with a completion date of 30 March 2026. This bid was successful, and

approval is now being sought to use that grant to deliver the proposed work on Farnham Leisure Centre.

7.3 The grant funding is payable across the two years as follows.

Amount of Grant (Year 1) - 2024/25	£540,750.00
Amount of Grant (Year 2) - 2025/26	£1,004,250.00

7.4 The match funding will be payable in year two. The grant is paid based on eligible expenditure incurred only up to the amount identified for each year. Any overspend required to deliver the project outside of the set values will be the responsibility of the Council. A fully costed designed will be provided by the appointed contractor in year one.

7.5 The grant can only be used to deliver the project as agreed with Salix in the Grant application. The Strategic Director of Finance, the authorising official for this grant is responsible for ensuring the grant is used in accordance with the offer letter.

7.6 There are specific milestones and schedule that are required to be met. WBC is expecting to procure one contractor to design and install the air source heat pumps. Subject to approval by Salix and the contractor the proposed timetable is:

Project approval	May 2024
Out to tender – via framework if possible	May 2024
Designs initiated	May 2024
Costed detailed Designs Completed	October 2024
Orders Placed	February 2025

Works in progress on site	July 2025
Completed on site	March 2026
Final Commissioning	March 2026

8. Consultations

8.1 This bid was prepared in consultation with the Leisure Team and Engineers at WBC, Everyone Active and Leisure Energy.

8.2 Details of the project were shared with the portfolio holders for Leisure, Sustainability and Finance.

9. Key Risks

9.1 Delay with procurement and contract. This can be mitigated by a direct award to a leisure partner through a public sector framework.

9.2 There could be an increase in cost of materials. This can be mitigated by ordering equipment early.

9.3 Project costs more than estimated. A full costed design should be available in time for the setting of budgets in Autumn 2024. There is a 5% contingency in the bid and Waverley have secured an additional £110K from the Empty Homes Grant.

9.4 Constraints on the incoming grid connection. Adequacy of incoming electrical supply can be mitigated by coordinating early with the Distribution Network Operator.

9.5 The existing boilers may not last the two years needed to install the air source heat pumps. Leisure Energy have advised that a temporary system could be hired which would not jeopardize the funding.

10. Financial Implications

10.1 The project needs to take into consideration the extension planned for the Farnham Leisure Centre and vice versa to ensure the work done fitting the Air Source Pump will not need to be undone when the extension project kicks in.

10.2 Ideally, the contract price for the entire project needs to be fixed upfront and the Air Source Pump ordered now for delivery in the future to reduce the risk of the project costs exceeding the grant funds awarded.

10.3 This award will definitely help Waverley achieve its carbon decarbonisation goals – steps must be taken to guard against delays or slippages, so the project does not end up costing Waverley more money than the award.

11. Legal Implications

11.1 The decision recommended in paragraph 2.1 of this Report is a Key Decision of the Council's Executive to be made in accordance with the Council's Constitution, Part 2, Article 12.3 (b) which can be found at the following link: [Waverley Constitution Oct 2022 Part 2 Articles](#)

11.2 The Council is a key player in brokering and delivering the Net Zero vision under the governments' national framework "local path to net zero" to aid decarbonisation efforts within the Borough under its Waverley Borough Council's and Everyone Active's ambition to become carbon neutral by 2030.

11.3 Legal Officers will assist in drawing up the requisite Grant Agreement for the proposed work at Farnham Leisure Centre.

12. Human Resource Implications

12.1 There are no HR implications. The project will be managed by the Sustainability Team in consultation with the Leisure Team and Everyone Active.

13. Equality and Diversity Implications

13.1 There are no direct equality, diversity, or inclusion implications in this report. Equality impact assessments are carried out, when necessary, across the council to ensure service delivery meets the requirements of the Public Sector Equality Duty under the Equality Act 2010.

14. Climate Change/Sustainability Implications

14.1 This report is directly linked to the delivery of the aims of the Climate Emergency, one of the WBC's key priorities, which is part of the service delivery plan.

15. Summary of Options

15.1 The boilers at Farnham Leisure Centre have reached the end of their life and need to be replaced because they cannot be fixed further. By accepting and utilising the Salix fund WBC can replace the boilers with air source heat pumps which will reduce the cost of repairs, keep the leisure centre running and reduce WBC's carbon emissions.

15.2 WBC could fund the replacement of the existing boilers. This could cost in the region of £220K for gas boilers but would not reduce the carbon emissions or WBC's dependency on fossil fuels.

16. Conclusion

16.1 The boilers at Farnham Leisure Centre are at the end of their life and need to be replaced as there is a shortage of parts to repair them.

16.2 WBC has made a successful bid for £1.545 million which, if accepted would fund the replacement of the boilers at Farnham Leisure Centre with air source heat pumps.

16.3 Replacing them with air source heat pumps would reduce the council's carbon emissions by 186.7 tonnes of CO₂e a year.

16.4 The decarbonisation of Farnham Leisure Centre will be a priority project in our Carbon Neutrality Action Plan

17. Background Papers

19.1 There are no background papers.

18. Appendices

20.1 There are no appendices.

Please ensure the following service areas have signed off your report.
Please complete this box, and do not delete.

Service	Sign off date
Finance / S.151 Officer	MA – 03/02/24
Legal / Governance	GG – 02/04/24
HR	NA
Equalities	NA
Lead Councillor	SW 02/04/24
CMB	DH 09/04/24
Executive Briefing	23/04/24
Executive	07/05/24