



WEST OXFORDSHIRE
DISTRICT COUNCIL

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Name and date of Committee	EXECUTIVE – 15 JANUARY 2025
Subject	Public Sector Decarbonisation Scheme Phase 4: Chipping Norton Leisure Centre
Wards affected	Chipping Norton
Accountable member	Executive Member for Climate Change and Nature Recovery Email: andrew.prosser@westoxon.gov.uk
Accountable officer	Hannah Kenyon, Climate Change and Nature Recovery Manager Email: democratic.services@westoxon.gov.uk
Report author	Hannah Kenyon, Climate Change and Nature Recovery Manager Email: democratic.services@westoxon.gov.uk
Summary/Purpose	To delegate authority for the acceptance of Public Sector Decarbonisation Scheme Phase 4 funding for Chipping Norton Leisure Centre.
Annexes	None
Recommendation(s)	That the Executive resolves to: I. Delegate authority to the Chief Executive Officer, in consultation with the Director of Finance and the Executive Members for Finance, Climate Change, and Leisure and Major Projects to: a) Accept the grant funding, if awarded to the Council. b) Earmark the required client contribution of £317,326 in the 2025/26 capital budget. b) Note that project risks have been identified and that project gateways will be used where any decision relates to capital spend.
Corporate priorities	<ul style="list-style-type: none">• Putting Residents First• A Good Quality of Life for All• A Better Environment for People and Wildlife• Responding to the Climate and Ecological Emergency

	<ul style="list-style-type: none">• Working Together for West Oxfordshire
Key Decision	YES
Exempt	NO
Consultees/ Consultation	Ward Members are to be consulted.

1. EXECUTIVE SUMMARY

- 1.1** An application for Public Sector Decarbonisation Scheme (PSDS) Phase 4 grant funding for Chipping Norton Leisure Centre (the leisure centre) was submitted in November 2024.
- 1.2** The funding is for the design and installation of a low carbon heating system to replace the existing gas boilers at the leisure centre.
- 1.3** The grant value requested is £2,326,600, with a total project cost of £2,643,926. The Council's contribution is £317,326, comprising of 12% of total project costs.
- 1.4** The project will reduce carbon emissions by 13,587 tonnes of CO₂ equivalent (tCO₂e) over the next 20 years and eliminate all fossil fuel use from heating, as part of the critical pathway to becoming a carbon neutral organisation by 2030.
- 1.5** The multi-benefits of the scheme include:
 - Finance: Securing significant external funding for the decarbonisation of the leisure centre, helping to reduce the Council's expenditure.
 - Climate change: Minimising carbon emissions from the leisure centre as part of efforts to mitigate climate change.
 - Leisure: Installing a new heating system to enhance the quality of leisure services provided at the centre.
- 1.6** The application is currently being considered by Salix and the Council will be offered any funding by May 2025.

2. BACKGROUND

- 2.1** The Council declared climate and ecological emergencies in 2019 and committed to becoming a carbon neutral council by 2030.
- 2.2** The Council's Carbon Action Plan 2024-2030 requires the decarbonisation of the leisure Centre by 2027 to align with the 2030 carbon neutral pathway. This approach follows of the energy hierarchy.
- 2.3** The leisure centre emitted 155 tCO₂e in 2023/24.

3. MAIN POINTS

- 3.1** A PSDS application was submitted to Salix in November 2024 for the heat decarbonisation of the leisure centre.
- 3.2** Low Carbon Estates Ltd. were commissioned by the Council to provide a Heat Decarbonisation Plan (HDP) to support the application. Low Carbon Estates has prior experience of working on PSDS schemes.
- 3.3** The project involves replacing end-of-life fossil fuel boilers and gas calorifiers, installing air-to-water heat pumps, electric calorifiers, and an upgraded Building Energy Management System (BEMS).
- 3.4** The HDP outlines the project's timeline, cost estimates, and steps to minimise disruption during implementation. Additionally, the plan provides a comprehensive overview of current

energy consumption, existing heating systems, and proposed decarbonisation measures to reduce carbon emissions and enhance energy efficiency at the leisure centre.

- 3.5 No funding has been sought for solar photovoltaics (PV) to keep the carbon cost low and increase our chances of being awarded funding.
- 3.6 Pick Everard were commissioned to undertake a cost evaluation to ensure the costs are robust and include a healthy allowance for risk and inflation.
- 3.7 The funding will contribute towards a two-year design and build project with a start date of spring 2025 and a completion date by 31 March 2027. By the end of Year 1, a RIBA Stage 4 design/Investment Grade Proposal (IGP) will be produced and there will be a decision gate on receipt of this design to approve the scheme construction in Year 2.
- 3.8 Salix is currently undertaking a full technical assessment of the application. All funding will be allocated by the end of May 2025.
- 3.9 If the Council is offered funding, it will have 14 days to accept it, hence why delegated authority to accept the funding is sought.

4. ALTERNATIVE OPTIONS

- 4.1 Not to progress this project further but to replace the current gas heating system when it reaches the end of its life between 2033 and 2038 if suitably maintained, at an estimated cost of £250-300k. This would significantly impact on our carbon neutral pathway.

5. CONCLUSION

- 5.1 The PSDS funding supports the decarbonisation of the leisure centre and the reduction of the Council's carbon emissions, which is on the critical pathway to achieving carbon neutrality in 2030.
- 5.2 The decision to accept PSDS funding and to financially contribute to the project should be delegated to the Chief Executive Officer, in consultation with the Director of Finance and the Executive Members for Finance, Climate Change, and Leisure and Major Projects.

6. FINANCIAL IMPLICATIONS

- 6.1 The Heat Decarbonisation Plan (HDP), prepared by Low Carbon Estates, and the Order of Cost Estate, undertaken by Pick Everard, to support the application, cost £19,920.93 excluding VAT.
- 6.2 The grant value requested is £2,326,600, which is 88% of the total project value of £2,643,926. The Council must contribute the cost for a like-for-like replacement of the existing fossil fuel heating plant at a minimum of 12% of total project costs. The Council's contribution will be £317,326, which is 12% of the total project value and will be used as contingency.
- 6.3 The design will aim to maximise energy efficiencies and minimise operational electricity costs, as it is recognised that any increases in energy costs may have an impact on the leisure contract.

- 6.4 There will be a stage gate on receipt of the Investment Grade Proposal (IGP) to determine whether the scheme is viable and can be built out. The decision to proceed will be based on a business case that considers capital, operational and replacement costs. Any monies spent up to this date can be claimed from Salix.
- 6.5 There could potentially be two PSDS projects running in parallel and therefore officer time will need to be planned to ensure there is sufficient capacity to ensure both schemes are implemented successfully.

7. LEGAL IMPLICATIONS

- 7.1 In view of the specialist nature of the contracts for the procurement of the Design and Build project it is anticipated that specialist external legal support will be required at additional cost.

8. RISK ASSESSMENT

- 8.1 The Council may not be granted a funding award.
- 8.2 A sum of £240,000 is allocated in the grant application for the IGP and design services. If costs exceed that sum the Council may have to meet the additional costs. The Council will work with the consultant to ensure that costs are projected and managed, so do not exceed this amount.
- 8.3 The requested funding split for each year is fixed. There is a risk that the funding split of 10% in Year 1 and 90% in Year 2 is inaccurate and the Year 1 funds cannot be spent in time. The Council will manage this risk through working with the contractor to ensure spend is projected and managed in line with allocations.
- 8.4 There is a risk that the IGP is unviable and therefore the scheme cannot be built. The Council will work with the contractor to develop a robust design that is within the cost envelope. If the scheme does not proceed on receipt of the IGP, the Council will have a detailed design that can be used when alternative funding is secured.
- 8.5 The decarbonisation could result in disruptions to operations and service delivery with temporary closure to areas of the leisure centres, for example the swimming pool, which could lead to user complaints and a drop in customer satisfaction. This may result in a loss of income claim from GLL in line with Schedule 23 (Loss of Revenue) of the Leisure Management Contract. Proactive communications to service users will mitigate this risk, as well as regular project meetings with GLL, providing them with as much notice as possible for when works would commence and finish.
- 8.6 If the decarbonisation does not deliver energy savings or the systems installed do not align with the existing operational needs of the facility, the performance standards set in the Contract could be affected. A contract variation would be required to reduce this risk, although the Council would be liable for any further investment or modifications that may be required.
- 8.7 Higher operational costs could cause GLL to declare a breach of contract before it expires in August 2027. As a result, the Council may be required to run the leisure centres and fund the associated costs. To reduce this risk, any contract variation will need to be carefully

managed by the Council. Operational costs will be minimised through good design and solar provision explored separately.

- 8.8** The project could face volatile energy costs during the transition, if systems are ineffectively managed or project delays occur, although throughout the process price projections for gas and electricity will be closely tracked.
- 8.9** There may be an increased maintenance burden on the Council, as some of the upgrades may involve advance technologies that are complex and costly to maintain.

9. EQUALITIES IMPACT

- 9.1** No negative impact is expected from the implementation of the recommendations of this report.

10. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

- 10.1** The scheme will reduce carbon emissions by 13,587 tCO₂e over the next 20 years and eliminate all fossil fuel use from heating. This is in line with the 2030 carbon neutral pathway.

11. BACKGROUND PAPERS

- 11.1** None.

(END)