

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

CORPORATE LEADERSHIP TEAM'S REPORT TO CABINET

DATE 6th May 2025

Report Title: Project Approval for the Decarbonisation of the J2 Leisure Centre Following Granting of PHASE 4 PSDS Funding

Submitted by: Service Director Sustainable Environment

Portfolios: Sustainable Environment / Leisure, Culture & Heritage

Ward(s) affected: N/A

<u>Purpose of the Report</u>	<u>Key Decision</u>	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
To set out the success following an application, in being awarded a grant as part of the Department for Energy Security and Net Zero PSDA phase 4 funding for the decarbonisation of the Councils Jubilee 2 leisure Centre.			
<u>Recommendation</u> That Cabinet: <ul style="list-style-type: none"> • Authorises acceptance of the Department for Energy Security and Net Zero granting of funding available to enable Salix Finance to provide the Council with a grant of up to £2,790,173.00 to assist in carrying out a low carbon heating project at its Jubilee 2 Leisure centre. • Approves the Service Director, Sustainable Environment in consultation with the Service Director, Legal & Governance to engage Veolia Energy to assist in the delivery of this project, through a direct award process through the NOECPC Specialist Estates Engineering & Maintenance Services (Hard FM) (NOE.0609) Framework. • Notes the report herewith and that a further report is taken to Council for final acceptance of the Salix grant. 			
<u>Reasons</u> Development of the Council's fully costed 'Road Map to Net Zero identified the Jubilee 2 (J2) Leisure Centre as one the Council's buildings which emits the highest volume of Co2 emissions due to its high energy use. J2 was identified as requiring the largest financial capital sum to decarbonise, and therefore the need to apply for any external funding which could help reduce pressure on the Council's capital works programme. The award of funding allows the Council to progress these works.			

1. **Background**

- 1.1 Cabinet adopted its current refreshed Sustainable Environment Strategy (SES) in June 2024. The Strategy is a landmark document setting out the Council's commitment to the sustainable environmental future of the Borough

and is an over-arching strategy, under which a range of other linked and related delivery plans and initiatives sit.

- 1.2** As part of the original SES, in early 2023 the Council commissioned expertise in development of a costed Road Map to Net Zero for the Councils own operations and estate to reach net zero by 2030. Operational buildings had in-depth surveys and analysis undertaken over the summer, looking at the fabric of the buildings, heating and lighting infrastructure, current insulation, and energy consumption.
- 1.3** Following a procurement exercise, Faithful and Gould (F&G) were commissioned to undertake detailed energy surveys and audits to recommend fully costed site heat decarbonisation and present a Roadmap to net zero for the Council. The audits focused on the cost, energy, carbon savings and intervention type for the combined built estate that was surveyed by F&G.
- 1.4** Of the seven sites surveyed, the J2 Leisure Centre was identified as the largest consumer of gas and electricity making it the largest emitter of greenhouse gas in the Councils operational estate. In this report F&G included Figure 2 (Pg.12) which shows that energy, heat and power decarbonisation technology and implementation of that technology will achieve Net Zero.
- 1.5** The survey and audit findings undertaken by F&G stated *“Jubilee 2 is a multipurpose leisure complex which incorporates a main pool, learner pool, fitness centre, dance studios and café. It was constructed in 2011 and includes ground, first and second floor levels with a combination of single and double height spaces. Jubilee 2 (J2) will cost £3,846,078 to retrofit for net zero but would reduce its energy use by around 1,588,192 kWh which saves a total amount of 279.92 tCO₂e per year based on the interventions implemented. J2 is the largest emitter of all sites and should be a priority when it is retrofitting NuLBC’s built estate due to the vast paybacks those would provide.”*
- 1.6** Table 1, below, sets out J2’s site heat decarbonisation, energy and cost breakdown. Items highlighted in green are not covered in the PSDS Salix funding.

Heat Decarbonisation Recommendations	Relevant Actions (Y/N) Y = YES N = NO	Cost of Relevant Actions (£)	Total Cost (£)	Energy Consumption Before (kWh)	Energy Consumption After	Carbon Saving (tCO ₂ e)
Behaviour Change	Y	£1,786	£1,786	Gas 2,510,080	Gas 0	25.99
Fabric Up-grades	Wall N Roof N Glazing N					
LED Install	Y	£119,392	£119,392	Electric 318,422	Electric 1,240,310	5.35
Heating & DHW Install	Heating ASHP Y VRV RE DX DHW POU ASHP N	£3,438,300	£3,438,300			418.05 -197.45 =220.6
PV Install	Y	£280,000	£280,000			

BMS/Controls Upgrade	Y	£106,600	£106,600			21.94
Cooling Upgrade	Y	£170,000	£170,000			3.94
Vent Upgrade	Y	£10,000	£10,000			2.09
Total		£3,846,078	£3,846,078	2,828,502 kWh	1,240,310 kWh	279.92 tCO₂e

2. Issues and Proposals

- 2.1** The Jubilee 2 (J2) leisure centre by its very nature uses a tremendous amount of energy, in terms of gas and electricity.
- 2.2** As part of the revised SES and associated delivery plan, the Council is pursuing external funding opportunities to help in its decarbonisation journey.
- 2.3** Table 1 shows Heat Decarbonisation Plan Options identified opportunities to significantly reduce carbon emissions and upgrade the existing infrastructure.
- 2.4** Proposed measures include decommissioning the site's 2 x 750 kW gas boilers and CHP and installing a new high temperature ASHP system. 196 kWpth of Solar thermal is also planned to be installed. The project aligns with the Council's net zero roadmap and its commitment to become a net zero council by 2030 and a net zero Borough by 2050. This initiative will bring about the biggest reduction in direct carbon emissions from the Councils own internal buildings and services and help achieve the ambitious target of achieving this by 2030.
- 2.5** In November 2024 the Department for Energy Security and Net Zero (DESNZ) announced their latest round of funding through the PSDS phase 4 Salix fund. As J2 is the highest carbon emitting building, it was decided to apply for the decarbonisation of the centre based on the Road Map recommendations for the building as detailed in table 1 above.
- 2.6** Officers from the Council have been speaking to several other local authorities who have been successful in obtaining funding, and undertaken decarbonisation work. These discussions led the Council to talk to several support organisations who had helped LA's successfully bid for funding, one being Veolia, who the Councils has existing contracts for treatment of materials within its recycling and waste service.
- 2.7** An outline project timetable is detailed in table 2 below –

Delivery Milestone Reached	Date Milestone to be Completed
Project approval	01/06/2025
Pre-Design	01/06/2025
Detailed designs complete	23/07/2026
Out to Tender	01/08/2026
Tenders Complete	01/11/2026
Orders Placed	15/01/2027
Works commence on site	12/03/2027
Completion on site	09/07/2027
Final commissioning	16/07/2027

3. Recommendation

- 3.1 To authorise the acceptance of the Department for Energy Security and Net Zero granting of funding available to enable Salix Finance to provide the Council with a grant of up to £2,790,173.00 to assist in carrying out a low carbon heating project at its Jubilee 2 Leisure centre.
- 3.2 To approve that the Service Director, Sustainable Environment in consultation with the Service Director, Legal & Governance engages Veolia Energy to assist in the delivery of this project, through a direct award process through the NOECPC Specialist Estates Engineering & Maintenance Services (Hard FM) (NOE.0609) Framework.
- 3.3 To note the report herewith and that a further report is taken to Council for final acceptance of the Salix grant.

4. Reasons

- 4.1 The Council declared a climate emergency in 2019 and has worked tirelessly to decarbonise its operations since. Granting of this funding from DESNZ will contribute significantly to decarbonise the Councils operational building infrastructure.

5. Options Considered

- 5.1 N/A

6. Legal and Statutory Implications

- 6.1 The Climate Change Act 2008 has the following provisions:
 - Carbon targets and carbon budgeting - The Act places the government under a legal duty to reduce greenhouse gas emissions by 80% below 1990 levels by 2050.
 - The Committee on Climate Change - The Act also establishes the Committee on Climate Change, an independent, expert body to advise government on the appropriate level for the targets, budgets, and on matters relating to mitigation and adaptation. The Committee will submit annual reports to parliament on progress towards the targets and the government must respond to this report.
- 6.2 Councils Duty to reduce carbon emissions - There are currently no statutory requirements for local authorities to set or negotiate targets to reduce their own or area wide emissions. However, the Borough declared a Climate Emergency in April 2019 and committed to reach net zero for its own operations by 2030.

7. **Equality Impact Assessment**

- 7.1 There are no equality impacts resulting from the recommendations of this report.

8. **Financial and Resource Implications**

- 8.1 There are financial and resource implications associated with this report.
- 8.2 Financially the Council is required to part fund the works to which this successful grant relates to the value of £417,093.67 as part of the application criteria. This sum already forms part of the Councils capital programme for decarbonisation as approved in the updated SES and associated delivery plan.
- 8.3 Salix funding will be released in tranches aligned to the project timeline as follows –
- Year 1 (2025/26) - £233,333.
 - Year 2 (2026/27) - £1,599,998.
 - Year 3 (2027/28) - £956,842
 - Total project value - £3,207,266.67
 - Minimum Council Contribution – 13% = £417,093.67
 - Expected Practical Completion Date – 31/03/2028.
- 8.4 Regarding resource implications, a project of this magnitude requires resource input from officers within the Council along with the proposed external support from Veolia Energy.
- 8.5 An officer team has been set up to manage the process for the project through planning and implementation.

9. **Major Risks & Mitigation**

- 9.1 The major risks and mitigation measures are shown in table 3 below

Number	Risk category	Risk Description	Control Measures	Final risk Rating
1	Social	Wellbeing & safeguarding	Ensure awareness by contractors of Council safeguarding policies and take full responsibility including use of subcontractors on site. To include DBS checks where necessary	High
2	Permissions/ Approvals	Planning permissions delays to programme	The planning department has confirmed its support for granting planning permissions for the installation of an air source heat pump and solar thermal array at J2. Engagement with the planning department early	High

			in the process regarding permitted Development aspects, to ensure familiarisation with the decarbonisation scheme proposals, allowing feedback and anticipated requirements through pre-application meetings.	
3	Schedule	Programme & practical completion	Project Manager (PM) to monitor and have at least weekly reviews of the programme through installation to manage the programme according to key installation windows and the progress towards practical completion. Contingency plans to be agreed at an early stage	High
4	Health & Safety	Health & Safety	Contractors and subcontractors are aware of the Councils H&S policies and take full responsibility. Will assume Principal Contractor and principal Designer roles as required.	High
5	Building Structure	Existing roof may not be structurally capable of supporting the additional load of proposed solar thermal array.	A review will be necessary as part of the detailed design stage. A structural survey will be required to ascertain whether the roof can handle the additional load. This will be completed during the design phase of the project.	High
6	Schedule	Adverse weather – some of the work considered is outdoors (civils ASHP, solar thermal, pipework etc, and could be compromised by adverse weather	Float to programme to account for risk of construction delay due to severe weather	Moderate
7	Permissions/approvals	Noise Pollution – from the operation of the ASHP	Consideration of the installation area for the ASHP adjacent to the plant room. Acoustic fencing to be designed and installed around the plant equipment to reduce noise pollution for nearby residents	Low
8	Electrical supply	Increase to site import capacity	Initial investigation determined the local substation supplying the site has an additional 10MVA of headroom, indicating sufficient capacity to provide the site with the electrical	Low

			supply needed. An application will need to be made to the Distribution Network Operator (DNO) to increase the import capacity.	
9	Resource	Local trade labour & professional resources	Through existing contacts / suppliers look to source local labour and local expertise	Low
10	Resource	Equipment installation	Checks to be conducted on installation	Low

10. UN Sustainable Development Goals (UNSDG)



11. One Council

Please confirm that consideration has been given to the following programmes of work:

One Commercial Council ☒

- The Jubilee 2 leisure centre is one of the Councils key commercial assets. This project future proofs the facility in an age of rising energy costs, preserving it as a key strategic facility providing health and wellbeing facilities for residents and visitors.

One Digital Council ☒

- Decarbonisation of the leisure centre utilising renewable energy will come with digital infrastructure in terms of an energy management system to effectively and efficiently manage energy consumption within the building.

One Green Council ☒

- This decarbonisation project contributes positively towards the goals set out in the Councils SES and associated delivery plan to achieve net zero for the Councils operational buildings and fleet. The J2 leisure centre is a high user of energy due to its function and is a priority site for decarbonisation by 2030.

12. Key Decision Information

12.1 This is a key decision due to the value of funding being granted to the Council.

13. Earlier Cabinet/Committee Resolutions

- 13.1** Adoption of the revised SES and associated delivery plan approved by Cabinet in June 2024.

14. List of Appendices

- 14.1** None

15. Background Papers

- 15.1** None