

Cheltenham Borough Council

Cabinet Meeting – 11 June 2024

Council Meeting – 17 June 2024

Capital Investment to reduce energy usage at Leisure@Cheltenham

Accountable member:

Iain Dobie – Cabinet Member for Climate Emergency

Accountable officer:

Gemma Bell - Director of Finance and Assets (Deputy Section 151 Officer)

Accountable scrutiny committee:

N/A

Ward(s) affected:

St Pauls

Key Decision:

No

Executive summary:

In February 2022, Full Council approved a £10m Green Investment Fund to support initiatives which would deliver a return and contribute to reducing the carbon footprint of the town. Detailed savings proposals and a full business case for these capital investments were presented to the Green Investment Board on 1 March 2024. The business case was approved for £83,750 of investment into swimming pool heat retention covers and it was also recommended that the LED lighting investment be made despite not meeting the 3% return criteria. This is because the lighting on the site is at the end of life and requires replacement as part of the planned maintenance programme. The LED option provides both financial and carbon improvements when compared to the existing infrastructure. The business case shows that both investments will reduce energy usage sufficiently to cover the annual cost, with the pool covers having a return on investment of 16.4%.

The conditions of the Green Investment funding require Cabinet ratification of the decision made by the Green Investment Board which is reflected in the recommendations below.

Recommendations: that Cabinet/Council:

- 1. Approves a capital investment of £264,500 to replace the existing lighting system in the leisure centre with LED technology;**
 - 2. Approves a capital investment of £83,750 from the Green Investment Fund to install pool covers across the building; and**
 - 3. Delegates authority to the Director of Finance and Assets (Deputy s151 Officer) to procure and award the contract for the installation of the equipment and monitor the implementation.**
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1. Implications

1.1. Financial implications

The 2024/25 budget includes an energy budget of £1.6m which represents is a 60% increase since 2021/22. This is driven by the inflationary increases in energy costs felt through 2022/23 and almost half of this energy is used at Leisure@ Cheltenham. Any reduction in energy usage will start to reduce the pressure from these areas of the revenue budget.

Signed off by: Gemma Bell, Director of Finance and Assets, 01242 264124

1.2. Legal implications

The procurement of these services will be above the current procurement threshold. Officers will undertake a compliant procurement exercise in accordance with the Public Contract Regulations 2015 and will engage with One Legal and Publica during this process.

Signed off by: One Legal, Legalservices@onelegal.org.uk

1.3. HR implications

There are no direct implications from the recommendations.

Signed off by: Shona Corbett, HR Business Partner, shona.corbett@cheltenham.gov.uk

1.4. Environmental and climate change implications

The proposed investment in improved systems for controlling operational energy use will help to lower our consumption, delivering both financial and carbon savings. As outlined within the Climate Action Plan, these works underpins an essential stage in the decarbonisation plan, for the highest emitting asset within our property portfolio, which dominates our scope 1&2 emission performance.

Signed off by: Maizy McCann, Climate Emergency Officer,
Maizy.mccann@cheltenham.gov.uk

1.5. Property/asset implications

The replacement of the LED lighting is an opportunity to use the planned maintenance programme to proactively reduce the carbon footprint of the site.

Signed off by: Gemma Bell, Director of Finance and Assets, 01242 264124

1.6. Corporate policy framework implications

The recommendations, if approved, will support the council in its ambition to become a net zero Council and Borough by 2030 as set out in our Climate Emergency Action Plan: Pathway to Net Zero and deliver on one of its specific actions relating to council buildings: *“Measure the energy usage of CBC owned properties and develop a heating and energy efficiency strategy to set out actions needed to actively reduce energy consumption and move away from the use of fossil fuels.....”*

Signed off by: Ann Wolstencroft, Head of Projects, Programmes and Risk,
ann.wolstencroft@cheltenham.gov.uk

2. LED Lighting Investment

2.1 Introduction

- 2.1.1 LED technology is the newest type of lighting and offers increased levels of efficiency when compared to other lighting types such as fluorescent, halogen and sodium systems. Most lighting systems at Leisure at Cheltenham were installed in 2008 and use fluorescent technology. Whilst at that time, these would have been considered reasonably efficient, advancements in LED technology mean that the existing lighting is now highly inefficient by modern standards.
- 2.1.2 As such, the high levels of energy usage by the existing lights contribute significantly to the facility’s revenue costs for energy. The existing lighting has also exceeded its economic service life and are due to be replaced through the maintenance programme by 2025/26. Recent repairs, funded through revenue budgets, have cost more than £5,000 in order to keep the lights in working order.
- 2.1.3 The proposal presented here is to replace the existing lighting with LED lighting in the sports hall, cricket hall, swimming pool and corridor and reception spaces. The installation will have minimal impact on the operation of the centre.

2.2 Financial Viability

2.2.1 The expected cost of the investment is outlined below.

	£
Installation Costs	230,000
Contingency – 25%	34,500
Total capital investment	264,500

2.2.2 The impact on the revenue budget is outlined in the table below. This assumes that the investment will be paid for by borrowing, repaid over twenty years in line with the useful life of the equipment and that the full contingency will be required.

2.2.3 The projected savings generated by the investment relate to the amount of energy which will be required to light the environment. In total across the site the LED lighting investment is expected to save **24,363kg/CO2e per annum which equates to £29,235 in Year 1.**

2.2.4 Notwithstanding the planned maintenance work would need to be undertaken regardless in order that the site remains open to the public, this option provides both a financial and environmental improvement in operations and is recommended despite the return not meeting the 3% threshold in the Green Investment Fund.

	£
Minimum Revenue Provision	13,225
Interest Cost – at PWLB rate of 5.37%	14,203
Total Annual Revenue Cost	27,428
Total Expected Saving	(29,235)
Net Saving – equivalent to 12% yield	(1,807)

3. Swimming Pool Heat Retention Covers

3.1 Introduction

3.1.1 A swimming pool heat retention cover is a system installed to reduce the quantity of heat energy lost through evaporation, convection, and radiation when swimming pools are not in use. Currently, there are no existing pool covers at Leisure at Cheltenham resulting in a significant heating power requirement and subsequently higher energy costs.

3.1.2 The recommendation in this report will cover the installation of pool covers on the main pool, diving pool, learner pool, splashpad and the spa pool. The pool covers will be required to be replaced approximately every seven years but at a much lower cost than the initial installation. The installation will have minimal impact on the operation of the centre.

3.2 Financial Viability

3.2.1 The expected cost of the investment is outlined below.

	£
Installation Costs	67,000
Contingency – 25%	16,750
Total capital investment	83,750

3.2.2 The impact on the revenue budget is outlined in the table below. This assumes that the investment will be paid for by borrowing, repaid over seven years in line with the useful life of the equipment and that the full contingency will be required.

3.2.3 The projected savings generated by the investment relate to the amount of energy which will be required to manage the temperature of the pool environment. In losing less heat the pool will need less energy to heat to the same temperature. Likewise when the pool covers are in use the levels of evaporation from the water will reduce which will mean lower dehumidification is required from the Air Handling Unit. In total across the site the pool cover investment is expected to save **60,045.5kg/CO2e per annum which equates to £31,255 in Year 1.**

3.2.4 The investment is also expected to generate a minimum return of 16.4% based on the net revenue saving.

	£
Minimum Revenue Provision	11,964
Interest Cost – at PWLB rate of 4.81%	4,028
Annual Service Cost	1,500
Total Annual Revenue Cost	17,492
Total Expected Saving	(31,255)
Net Saving – equivalent to 16.4% yield	(13,763)

4. Reasons for recommendations

- 4.1. These recommendations will reduce our energy use in a consistent way, offering both carbon and financial savings for the council.
- 4.2. The recommended investment also provides the most energy efficient maintenance solution to replace the lighting which is coming to the end of its useful life.

5. Alternative options considered

- 5.1. We have considered taking no action but given current energy prices, this is considered financially unacceptable.
- 5.2. Likewise, the lighting could be replaced with a less efficient option but it is considered more aligned to the climate goals of the Council to improve the technology used.

6. Consultation and feedback

- 6.1. This report has been written in consultation with the Property team and the Climate Emergency Team. Discussions have been held with staff and the operators of our buildings, regarding the best way to manage our current energy usage.
- 6.2. The proposal has also been considered by the Green Investment Board, which has unanimously recommended the investment for approval under the Cheltenham Green Deal and financed by the Green Investment Fund.

7. Key risks

- 7.1. See Appendix 1.
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8. Performance management – monitoring and review

- 8.1. Once the project is authorised, it will be managed by Property Services in consultation the Cheltenham Trust
 - 8.2. The energy usage of the site will continue to be monitored as part of the Council's carbon reporting
 - 8.3. Regular financial reviews will be held to confirm the financial appraisal has been realised.
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Report author:

Gemma Bell, Director of Finance & Assets (Deputy s151 Officer)

Appendices:

- i. Risk Assessment

Appendix 1: Risk Assessment

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
	Risk to operational processes during installation	Gemma Bell, Director of Finance and Assets	3	2	6	Reduce	Putting a working party together of relevant stakeholders to manage, monitor and review. Ensuring that as much as possible of the work can be completed when the centre is closed.	Gemma Bell, Director of Finance and Assets	September 2024
	If we do not implement improvements to the energy efficiency in our key operational buildings, energy costs will continue to require additional budget and our carbon net zero goals will not be achieved.	Gemma Bell, Director of Finance and Assets	4	4	16	Reduce	Implement report recommendations	Gemma Bell, Director of Finance and Assets	Winter 2024