

FLASH – Public Sector Decarbonisation Grant	
Executive Summary	<p>The Fakenham Leisure and Sports Hub is a project to deliver a 4 lane 25-meter swimming pool, extension to the gym, improvements to the current sports centre and a 3G all-weather pitch. The project is funded through the Government Levelling up fund.</p> <p>The Council has accepted a £150,000 grant towards works to decarbonise the existing Fakenham Fitness Centre from the Public Sector Decarbonisation Scheme (PSDS) administered by Salix.</p> <p>This report sets out the additional costs and impacts to the LUF funded project and seeks to add the scope of the Public Sector Decarbonisation Scheme works to the main Fakenham Leisure and Sports Hub project via a variation to the contract.</p>
Options considered	<p>To add the works covered within the scope of the Public Sector Decarbonisation Scheme funding to the main project via variation.</p> <p>To agree the Public Sector Decarbonisation Scheme works but to delay the completion of these until after the LUF funded project is complete.</p> <p>To reject the Public Sector Decarbonisation Scheme funding and not carry out the decarbonisation works to the existing sports centre beyond those which have already been included as part of the LUF funding.</p>
Consultation(s)	<ul style="list-style-type: none"> • Monitoring Officer • Section 151 Officer <ul style="list-style-type: none"> • Sustainability Team • Everyone Active (the Leisure operator of the centre)
Recommendations	<p>To resolve to delegate to the s151 officer in consultation with the portfolio holders for Community, Leisure & Outreach (Including Health & Wellbeing), Climate Change & Net Zero, Finance, Estates & Assets and the Director of Service Delivery, the decision whether to include the Public Sector Decarbonisation Scheme works into the main Fakenham Leisure and Sports Hub project via variation to the contract, once the full capital and revenue implications are understood.</p>
Reasons for recommendations	<p>To ensure the Council meets its objectives in the Corporate Plan relating to “our journey to Net Zero”</p>
Background papers	<p>Report to Full Council – 19 February 2025 (approval of Fakenham Sports Centre Decarbonisation in capital programme with allocated budget of £514,300)</p> <p>Report to Full Council – 27 March 2024</p> <p>Report to Cabinet – 6 September 2025</p>

Wards affected	Fakenham wards (Lancaster North and South); and wards in the west of the district including Briston, Priory, Stibbard, Stody, The Raynhams, Walsingham; Wells with Holkham.
Cabinet member(s)	Cllr Adam Varley, Portfolio Holder for Climate Change & Net Zero Cllr Liz Withington, Portfolio Holder for Community, Leisure & Outreach
Contact Officer	Steve Hems Director of Service Delivery (Deputy Chief Executive) steve.hems@north-norfolk.gov.uk Kate Rawlings Climate & Environmental Policy Manager kate.rawlings@north-norfolk.gov.uk

Links to key documents:	
Corporate Plan:	<p><i>Continue our journey to Net Zero</i></p> <ul style="list-style-type: none"> • Continuing our own annual emissions reductions to reach Net Zero by 2030 • Introducing significant new projects which deliver on our Net Zero ambitions • Continuing to invest in the Council's property portfolio to reduce carbon impact • Continuing to pursue government and external funding for new green initiatives
Medium Term Financial Strategy (MTFS)	<p>Match funding associated with the delivery of this project is in two parts:</p> <p>From Council contributions to the LUF funded project that have previously been included in the capital budget following a meeting of Full Council on the 27th March 2024.</p> <p>And from the Capital sum approved as part of the capital programme for 25/26 on 19th February 2025</p> <p>The full costs beyond the PSDS grant funding are already included in the Council's capital programme.</p>
Council Policies & Strategies	Net Zero Strategy

Corporate Governance:	
Is this a key decision	Yes

Has the public interest test been applied	Yes, there is not considered to be any information in this report which would be exempt as defined in paragraph 3, Part 1 of schedule 12A (as amended) to the Local Government Act 1972.
Details of any previous decision(s) on this matter	Provide the dates of any previous decisions relating to this

1. Purpose of the report

- 1.1. The Council is progressing a project to extend the existing Fakenham Sports Centre facility at Trap Lane to include a 25-metre four-lane swimming pool with moveable floor, extended gym and fitness studio facilities, 3G all-weather pitch and environmental improvements to the existing sports hall building.
- 1.2. The majority of the funding for the scheme comes from a grant provided under the Government's Levelling up Fund (LUF). Additional match funding for the scheme is coming from grant funding through the Football Foundation 9 subject to funding confirmation), Section 106 funding and partner contributions. The Council has agreed to make budgetary provision for a further £450,000 to reflect inflationary costs since the funding submission was originally submitted.
- 1.3. The Council has accepted a £150,000 grant towards works to decarbonise the existing Fakenham Fitness Centre from the Public Sector Decarbonisation Scheme (PSDS) administered by Salix.
- 1.4. The Council aims to decarbonise the existing centre at the same time as the major LUF funded project to add a swimming pool to the site, taking advantage of savings from already having the contractor and design team on site.
- 1.5. If the PSDS project is agreed and progressed, the site will have no reliance on fossil fuels and will be Net Zero ready in line with the Council's Net Zero Strategy and Climate emergency declaration.
- 1.6. The purpose of this report is to agree that the PSDS project works should be added to the main contract as a variation.

2. Introduction & Background

- 2.1. The Council has recently awarded a contract to build a swimming pool extension and undertake improvement works at Fakenham Sports and Fitness Centre. This project has been designed so that the additional facilities have no reliance on fossil fuels, with hot water and space heating provided by air source heat pumps.
- 2.2. Much of the existing building infrastructure would benefit from upgrades to improve its thermal efficiency. Some of these upgrades are in the scope of the LUF project but not all were possible within the limits of this project. In addition, the existing centre is heated by a gas boiler, and the sports hall contains inefficient wall mounted gas heaters, both of which are approaching end of life.

- 2.3. The PSDS grant, matched by other money (see budget section below) will allow the addition of further works that will improve the insulation of the existing building and remove any reliance of gas from the entire leisure centre. This will not only remove the reliance on the fossil fuel for the entire centre but improve both the thermal efficiency of the building and the ability to manage energy usage across the building in a much more efficient way.
- 2.4. The introduction of these measures to the overall scheme will make the centre Net Zero ready, in line with the Council's Net Zero Strategy and Climate emergency declaration, but there will be both capital cost and ongoing revenue cost implications.
- 2.5. The capital costs are currently being developed by the principal build contractor for the project. These costs are not yet available but are expected to be within the parameters of the overall PSDS funding envelope of £922,300.
- 2.6. The revenue costs may be more difficult to model as there are a number of factors which have both positive and negative impacts on the running costs. There will be efficiencies delivered through the thermal insulation works, building management system and improved space heating system will all reduce the running costs of the existing centre. There will also be no future gas bill. Balancing this there is likely to be a higher electricity cost of running the air source heat pump, and whilst solar panel installation will help offset this, there will be an additional cost of electricity required.
- 2.7.

3. Proposals and Options

3.1. Scope of PSDS Project:

- General insulation improvements, draught proofing
- Insulation improvements to existing building pipe work
- Installation of a building management system (BMS) to provide better operational efficiency and reliability of the buildings heating systems
- Electric radiant panel heaters to replace the inefficient gas heaters in the sports hall
- An air source heat pump (air to water) to replace the existing gas boiler
- A new ventilation distribution system

3.2. Other Options Considered:

- As the PSDS grant time scale is more generous than that of the LUF funding, these works could be delayed until after the main project is completed. This would reduce the risk of complicating the LUF project but would eliminate all the advantages of carrying out the works at the same time and may increase costs and closure times.
- The Council could reject the previously accepted PSDS grant and not carry out the decarbonisation works at this time. It has been announced that this will be the last round of PSDS grants and so there are no known sources of future

funding. Although the Council have not publicised the grant award, Salix have published the list of grant recipients and so our award is in the public domain.

4. Corporate Priorities

Continue our journey to Net Zero

- Continuing our own annual emissions reductions to reach Net Zero by 2030
- Introducing significant new projects which deliver on our Net Zero ambitions
- **Continuing to invest in the Council's property portfolio to reduce carbon impact**
- Continuing to pursue government and external funding for new green initiatives

5. Financial and Resource Implications

- 5.1. The PSDS project consists of £922,300 worth of works. However, these are not all additional to the main project. There is significant overlap in some areas for example the costs of upgrading the electricity supply and installing a building management system (BMS) can be shared by both projects.
- 5.2. The LUF funding (as government funding) cannot be used as match funding for the project however the contribution toward the LUF project already made by the Council can.
- 5.3. There is a possibility that other money e.g. section 106 monies can be used at match. However, until this is confirmed the remaining money required for the project was agreed as a capital bid as part of the Council's budget setting process in February.

Grant Received	£150,000
Match Funding from Council contribution to LUF project	£408,000
Further Match required (already included in capital programme but other LUF project funding may be eligible for match which means this sum may be reduced)	£364,300
Project Total	£922,300

- 5.4. This project can be managed by the existing project team both internally and externally which minimises the additional staff resources required. By adding this as a variation to the main contract this also reduces legal and procurement resource requirements.
- 5.5. Whilst the inclusion of the additional works will improve the thermal efficiency of the existing sports centre, and thereby be more cost effective, the electricity demand of the additional air source heat pump will, lead to additional revenue costs.

- 5.6. These ongoing revenue costs would be the responsibility of the Leisure Operator, Everyone Active, but the contract with them would result in the passing of these costs to the Council through changes to the management fee. Work is ongoing with Everyone Active to understand the impact of the project on the overall management fee. Initial estimates have suggested the additional costs would be around £1350 per year.
- 5.7. The principal build contractor is currently pricing the cost package for the PSDS variation to the contract. It has been agreed they will also provide estimates of difference in units that this will generate within the centre. Modelling of these figures will enable greater understanding of the estimated revenue impacts and long term cashflow forecasts of the proposed PSDS works. These will inform the final decision when considered alongside the capital costs.

Comments from the S151 Officer:

Officers will review the extended Revenue impacts of the additional decarbonisation works partially funded by the PSDA award. Any unbudgeted impacts will be submitted to Members for consideration. The final decision to undertake the additional decarbonisation works will be made by the s151 officer in consultation with the portfolio holders for Community, Leisure & Outreach (Including Health & Wellbeing), Climate Change & Net Zero, Finance, Estates & Assets and the Director of Service Delivery.

6. Legal Implications

- 6.1. The legal implications will be minimised by adding variations to the same agreements and contracts that are already in place for the LUF project.
- 6.2. Whilst minimal, due to the use of framework agreements, the addition of works beyond the original scope does present a risk of challenge from other providers
- 6.3. An agreement has already been signed with Salix agreeing to the conditions of the grant.

Comments from the Monitoring Officer

The Monitoring Officer (or member of the Legal team on behalf of the MO) will complete this section. They will outline any legal advice provided.

7. Risks

- 7.1. This project adds additional works to an already large capital project which increases the risks already associated with the main project. These include delivery delays, delivery costs and increasing the time that the centre is closed for works.
- 7.2. These risks will be managed within the project management arrangements of the overall project. The PSDS works have been discussed within the project team since before the PSDS grant award was announced and significant work has been done to anticipate the inclusion of the works within the overall project. This has minimised the risks that have been identified through the inclusion of the PSDS working within the main project.
- 7.3. The majority of the funding for the main part of the project is provided through the Government Levelling up Funding. The Council is required to provide match funding which equates to around 10% of the total project costs. Some of this match funding is anticipated to be provided through non-Government grant funding. The Council has agreed to fund directly the inflationary costs identified as occurring between the bid submission and planned commencement of works for which budget provision of £450,000 was made in March 2024.
- 7.4. It is not possible to use Government funding as match funding for other Government funded schemes. Suitable separation of the funding of the schemes needs to be in place so that there is clarity over funding to minimise the risk associated with funding streams being confused.
- 7.5. The risk of challenge due to the increased scope of works within the project, whilst present is considered minimal due to the use of framework agreements for the procurement route for the contracts.

8. Net Zero Target

- 8.1. After the waste contract, the Council's three leisure centres make the largest contribution to the Council's carbon footprint. The addition of the swimming pool at Fakenham will increase this footprint albeit by a reduced amount with the systems being fully electric. To meet our Net Zero targets it is vital to use this opportunity to decrease emissions from the existing leisure centre.
- 8.2. The current Fakenham Leisure Centre uses 133,078 kWh of gas each year. This accounts for over two thirds of the buildings' total carbon footprint of 33.8tCO₂e per annum. This project proposes replacement of gas heating with more efficient electric space and hot water heating which together with energy efficiency measures which will reduce the footprint to 7.1tCO₂e. As the building will be Net Zero ready this has the potential to decrease further as the grid decarbonises. The reduction of 26.7tCO₂e has an equivalent internal carbon price of £7049 per annum.

9. Equality, Diversity & Inclusion

- 9.1. There are no equality, diversity and inclusion issues identified arising from this report

10. Community Safety issues

10.1. There are no community safety issues identified arising from this report.

Conclusion and Recommendations

To resolve to delegate to the s151 officer in consultation with the portfolio holders for Community, Leisure & Outreach (Including Health & Wellbeing), Climate Change & Net Zero, Finance, Estates & Assets and the Director of Service Delivery the decision whether to include the Public Sector Decarbonisation Scheme works into the main Fakenham Leisure and Sports Hub project via variation to the contract, once the full capital and revenue implications are understood.