

TONBRIDGE & MALLING BOROUGH COUNCIL

COUNCIL

12 July 2022

Joint Report of the Director of Central Services & Deputy Chief Executive and Director of Street Scene, Leisure & Technical Services

Part 1- Public

Matters For Decision

1 INSTALLATION OF PV SYSTEM AT LARKFIELD LEISURE CENTRE

1.1 Introduction

1.1.1 As part of the Council's Climate Change Strategy, we are actively assessing opportunities to reduce the carbon emissions from our estate. It will be no surprise to hear that the largest utility users within the Council's estate are the leisure centres, due to both the size of the facilities and also the need to maintain high levels of air and water temperatures.

1.1.2 Members may be aware that through the management agreement in place with the Tonbridge & Malling Leisure Trust (TM Active), the Trust are responsible for sourcing and paying for the utilities used at the sites they operate, while the Council remains responsible for maintenance of the building fabric, services and equipment.

1.2 Recent Utility Cost Increases

1.2.1 Due to utility costs being such a large overhead for the Leisure Trust, as well as the fact that the utility market can be so volatile, within the management agreement there is a utility cost sharing arrangement which may be triggered based on several factors, including the Trust's trading performance.

1.2.2 As everyone is aware, the cost of utilities over the last few months have spiked due to a number of global issues affecting supply and demand.

1.2.3 Since pre-pandemic levels, the Trust have seen their utility costs increase by approximately 159% across their portfolio, resulting in an increased cost of around £1.0M.

1.2.4 The net claim to be made to the Council by the Trust is difficult to determine but taking into account the surcharge to be introduced by the Trust for swimming and the on-account payment made in 2021/22 the net claim is expected to be in excess of £700,000 in 2022/23. What happens beyond 2022/23 will be dependent on where energy prices are at the time and TMLT trading performance.

1.2.5 It is for this reason officers have been investigating ways in which utility usage can be reduced as quickly as possible.

1.3 PV Proposal at Larkfield Leisure Centre

- 1.3.1 It is felt a PV (photovoltaic / solar panel) installation would represent the quickest and simplest way of reducing utility usage (in this case electricity). Officers have investigated procurement routes which would allow a direct award to be made for a PV installation and identified that the framework the Council currently utilises to procure its utilities would be an appropriate route.
- 1.3.2 Members will be aware the Council procures its gas and electricity via Laser, a subsidiary of Kent County Council, who procure utilities for a large number of local authorities, public bodies and charities across the southeast, including the Leisure Trust.
- 1.3.3 Due to it being the largest utility user of all the leisure centres, coupled with the fact that it has large flat roofs on which to mount a PV system, it was agreed that Larkfield Leisure Centre would be the initial focus.
- 1.3.4 A proposal from the framework contractor, SAS Energy, has been received which suggests an installation of 196 panels on the roof, producing an estimated 95,887 kWh per year. This represents around 6% of the total electricity usage of the site during a 'normal year', that is, pre-pandemic. As a result, there will be no requirement for storage batteries or the capability of returning generated electricity to the grid, as everything generated will be used on site. This also saves on costs.
- 1.3.5 Due to proposal containing commercially sensitive information, it is included as a private annex, **Annex 1**. The proposed cost of the installation is set out on page 6 of the proposal.
- 1.3.6 Members will also note from page 7 of the proposal that the pay-back for the system is estimated to be 2-3 years.
- 1.3.7 On the final page of the proposal the estimated returns are shown, which are based on the price of electricity the Trust is currently paying. These figures are based on the assumption that utility prices will rise by 8% per annum.
- 1.3.8 The proposal also highlights that due to the current volatility in the market they are only able to hold their prices for a 7 day period. SAS Energy have also advised of long lead times on equipment.
- 1.3.9 If Members approve the scheme, SAS Energy would be asked to re-price for the installation. It is suggested that if the revised price is within 15% of the original price then officers be able to appoint SAS Energy.

1.3.10 In addition to the cost of the PV system, there will be a need to install a handrail around the edge of the roof as well as a fixed ladder so that future maintenance can be undertaken safely.

1.4 Re-felting the Sports Hall Roof

1.4.1 The sports hall flat roof is currently felted, which has been down for at least 18 years and is starting to show signs of deterioration in the form of blisters developing. While the felt is not in need of immediate replacement, it will certainly require replacing within the next 5 years and would necessitate the removal of the PV array in order to complete the work.

1.4.2 It is therefore recommended that the felt be renewed now, prior to the installation of the PV system. By carrying out this work while the existing felt is still watertight, it means the existing felt can be overlaid, saving the time and cost of having to remove it. This work will come with a 25-year guarantee.

1.4.3 A specification for the re-felt has been developed and quotations have been sought for the work. The deadline for quotation returns will fall after the print deadline for this report and therefore the quotations received will be reported verbally to Members at the meeting.

1.4.4 Members may well have seen solar panels being used as part of the roof construction in some locations, meaning the panels are the finished roof covering. The Council has been investigating whether this construction method can be used in a flat roof scenario, thereby negating the need to re-felt the sports hall roof. Our initial findings are that this method works best on smaller pitched roofs where access for maintenance is easier. Access to the sports hall roof is required to maintain some roof mounted plant and rainwater outlets, meaning some form of maintenance walkway may be required.

1.4.5 At present we do not believe this use of solar panels is appropriate for a large commercial flat roof, however we will continue to investigate whether there is an option which is more cost effective than re-felting.

1.5 Structural Assessment

1.5.1 Ahead of the installation of the PV system a structural engineer will be commissioned to advise whether the existing sports hall roof construction can take the additional weight of the PV system.

1.5.2 An initial assessment was undertaken some months ago, which suggested some minor strengthening may be required, but the hope was this would be minimal, if needed at all. If Members approve the scheme the structural assessment would be refreshed using the specific loading information from the PV proposal.

1.6 Funding

- 1.6.1 If Members are minded to approve these works it is recommended the PV works are undertaken as a fast track Capital Scheme in the current financial year, with funding sourced from the Climate Change Reserve. A Capital Plan evaluation has been completed and can be found at **Annex 2**.
- 1.6.2 Because the re-felt of the roof would be classed as a building maintenance item, as opposed to capital development, it is suggested that funding be made available within the Council's Building Repairs Revenue Expenditure Plan (BRREP) in the current financial year.

1.7 Carbon Descent Plans

- 1.7.1 As Members are aware, as part of the Council's Climate Change Strategy there is an aspiration to become carbon neutral by 2030. While the installation of PV at Larkfield Leisure Centre will no doubt contribute toward that aim, it is recognised that a number of other measures and initiatives will be required across all of the Council's buildings.
- 1.7.2 To progress this area of work, the Council has commissioned carbon descent surveys of the two buildings with the largest carbon footprint, Larkfield Leisure Centre and Tonbridge Swimming Pool.
- 1.7.3 The surveys will identify schemes and/or works which would need to be undertaken in order for the sites to become carbon neutral, in terms of energy usage, by 2030.
- 1.7.4 It is envisaged that this list of schemes will then be reported to Members and recommendations sought as to which schemes officers should look to prioritise.
- 1.7.5 In addition to the two surveys already commissioned, the Council has recently applied for some Low Carbon Skill Fund funding which would pay for decarbonisation plans to be undertaken to additional properties within the Council's estate. We are expecting to hear in the next few weeks whether the application was successful. This has been led by the Council's new Climate Change Officer.

1.8 Legal Implications

- 1.8.1 The matters set out in this report are considered routine or uncontroversial. If approved, the framework terms and conditions for the PV contract would apply.

1.9 Financial and Value for Money Considerations

- 1.9.1 Quotations have been sought for the re-felt work in line with the Council's Contract Procedure Rules and to demonstrate best value has been obtained.

- 1.9.2 For the PV system, due to the desire to install a system as soon as practically possible to allow the savings to be made, it is recommended an order be placed without delay, following approval, to minimise the risk of long lead times.
- 1.9.3 Laser's framework allows the direct award of a contract, with the rationale being to reduce the risk of increased cost and delays in installation, and therefore delays in being able to start making a saving on energy costs.
- 1.9.4 SAS Energy have undertaken a number of schemes for Kent County Council via the Laser framework and come with their recommendation.
- 1.9.5 As mentioned at 1.1.2, the Trust are responsible for the cost of utilities, meaning they will receive the financial saving resulting from the PV system. However the benefit for the Council is in reducing our liability to those above inflation utility costs.

1.10 Risk Assessment

- 1.10.1 If the Council does not act to try and reduce the cost of utilities at the centre then, under the management agreement with the Trust, it will be liable for meeting a higher proportion of that cost.
- 1.10.2 If a direct award is not made for the installation of the PV system it will delay the system being installed, potentially resulting in increased cost and a delay in being able to start achieving a saving.
- 1.10.3 There is a small risk that the sports hall roof may not be able to take the loadings of the proposed system, which may involve substantial strengthening works. However, the initial assessment suggested only minimal strengthening would be required, if at all.

1.11 Equality Impact Assessment

- 1.11.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

1.12 Policy Considerations

- 1.12.1 Asset Management
- 1.12.2 Climate Change
- 1.12.3 Procurement

1.13 Recommendations

1.13.1 It is **RECOMMENDED** that;

1.13.2 SAS Energy be asked to re-price for the PV proposal, and;

1.13.3 If the revised price is within 15% of the original price then SAS Energy be appointed under the Laser framework Y18003 to supply and install the system, and;

1.13.4 The scheme be added to the Capital Plan in 2022/23 with funding being provided from the Climate Change Reserve, and;

1.13.5 The re-felting of the roof to be met from the BRREP reserve with funding of the Plan to be reviewed as part of the forthcoming budget setting process

Background papers:

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Nil

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