

**JOINT REPORT OF
LEADER OF THE COUNCIL AND PORTFOLIO HOLDER FOR FINANCE AND
GOVERNANCE, PORTFOLIO HOLDER FOR LEISURE AND PUBLIC REALM**

19 DECEMBER 2025

**CLACTON LEISURE CENTRE SWIMMING POOL HEATING SYSTEM REPLACEMENT:
SUPPLEMENTARY BUDGET**

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

Following a detailed report and decision published on 23 April 2025 to agree a strategy for the replacement of the swimming pool heating system at Clacton Leisure Centre and subsequent tender process, this report seeks to set aside additional funding to underwrite the financial risks associated with the project in response to the outcome of the procurement process.

EXECUTIVE SUMMARY

On 23 April 2025, an executive decision was published under the delegated powers of the Leader of the Council in consultation with the Portfolio Holder for Economic Growth, Regeneration and Tourism, relating to the heating system at Clacton Leisure Centre. This decision agreed a strategy to replace the swimming pool heating system at Clacton Leisure Centre; and to proceed with the procurement and subsequent installation of a new energy efficient heating system, with funding from the Salix (Government decarbonisation scheme) and the Community Regeneration Fund.

This project involves installing a large heat pump system designed to 50/45 flow and return temperatures which will provide heat to the air handling units; one of which will be replaced and the other will receive a new heating coil, new radiator circuit, new shell and tube heat exchanger and part of the domestic hot water load to the calorifier. A second smaller heat pump system designed to 65/60 flow and return temperature will be used for the remaining domestic hot water load in conjunction with a twin plate domestic hot water bespoke calorifier. The current oil fuel consumption is estimated to be 986,691 kWh, and it is projected the new system, which will be powered by electricity, will decrease this to 231,402 kWh following installation. The project will include a further installation of new solar photovoltaic (PV) panels, which will convert sunlight into electrical energy to support powering the new heating system. All the detailed information for the project is set out in the April report, and further information can be accessed through the link below:

Replacement of Clacton Leisure Centre Swimming Pool Heating System: [Report Template Part A](#)

The above report acknowledged the following two key issues:

- Once tenders are received and the exact cost is known, a review of the finances will be undertaken, in order for decisions to be taken on how to proceed; and
- if the budget exceeds the funding package set out, the risk will fall upon the Council to find additional budget. Alternatively, a decision could be taken not to draw down on the

external funding.

Following completion of the procurement process and in-line with the two key principles highlighted above, this reports provides and associated update / review.

Based on the outcome of the tender process, to engage an appropriate mechanical and electrical contractor to complete this project, the winning bid resulted in a potentially higher cost than the approved budgeted. Although it is possible to deliver the project within the existing budget, there is only a very limited contingency and it would not be prudent to engage the contractor without satisfactorily addressing this issue.

Based on the necessary contingency sums identified (£107k), £60,000 of additional funding is required to increase the overall budget that in effect underwrite the associated financial risk. As such, an executive decision has been prepared with this report, to carry out a virement for this amount, to transfer the additional budget required from existing Clacton Leisure Centre budgets which is possible primarily due to the favourable position against income budgets that are expected to remain over the year. Further information is available in the finance section.

The Council is required to enter into contract with the chosen supplier prior to 31 December 2025, in order to keep on schedule to draw down the external Salix Funding. As such, this decision to agree a virement to increase the project budget, is to be made using special urgency powers delegated to the Leader of the Council, as set out in Part 3, Schedule 3 of the constitution, in consultation with the Section 151 and Monitoring Officers.

It should be noted that a separate Officer Decision to award the contract will be published following agreement of the virement.

RECOMMENDATION(S)

It is recommended that:

On behalf of the Cabinet and using the special urgency powers, in accordance with Parts 3 and 5.8, the Leader of the Council and Portfolio Holder for Finance and Governance, in consultation with the Portfolio Holder for Leisure and Public Realm, Section 151 and Monitoring Officers agree:

To authorise a virement of £60,000, to increase the Clacton Leisure Centre Swimming Pool Heating System Replacement Capital project budget, funded from within existing Clacton Leisure Centre revenue budgets, that results in an overall increase in the project budget from £1,368,729 to £1,428,729.

REASON(S) FOR THE RECOMMENDATION(S)

That following the procurement process, an appropriate contingency sum is available to support this project and ensure the Council can enter into contract with the chosen supplier.

ALTERNATIVE OPTIONS CONSIDERED

a). To discontinue the project - this would result in a loss of the external 'Salix' funding associated with this project and the Council would be required to find the funding in its entirety to urgently replace the existing system.

b). To continue the project with a smaller contingency sum – this would increase the risks

associated with the project (as set out in the report of 23 April 2025) and may result in further requests for funding, as the project progresses. £107,403 is considered an appropriate amount.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

This project will impact on the following objectives, as set out in the Council's corporate priorities:

- This project will deliver on one of the actions set out in the council's Sport and Activity Strategy, under the objective to support long term sustainability of sport and leisure assets. The boiler installation will futureproof a significant plant asset at the Council's largest Sport Facility and reduce the Council's carbon footprint.
- Pride in our area and services to residents – through ensuring customers have continuity of service in the event of a failure with the Clacton Leisure Centre boiler, which would otherwise cause an urgent issue.
- Financial sustainability and openness –By providing a contingency budget for an emergency replacement boiler, in the event of a failure.

This installation is listed in the Council's approved Climate Action Plan and will impact on the following:

- Championing Our Local Environment – through furthering the Council's commitment to achieving net zero.

Furthermore, reducing carbon emissions is based on reducing energy use, which has the potential to save ongoing revenue costs for the Council, as well as wider beneficial impacts relating to community and social wellbeing outcomes.

OUTCOME OF CONSULTATION AND ENGAGEMENT

Consultation has been undertaken with the Chair of the Resources and Services Overview and Scrutiny Committee, in relation to the exemption from call in procedure set out in this report.

LEGAL REQUIREMENTS (including legislation & constitutional powers)

Is the recommendation a Key Decision (see the criteria stated here)	NO	If Yes, indicate which by which criteria it is a Key Decision	It should be noted that the original decision to proceed with this project was listed as a Key Decision. A link is available in the executive summary.
		And when was the proposed decision published in the Notice of forthcoming decisions for the Council (must be 28 days at the latest prior to the meeting date)	

Urgency Arrangements

Due to the need for the Council to enter into agreement with the contractor prior to 31 December 2025, the decision to increase the budget is made using special urgency powers, as

set out in Part 3, Schedule 3 of the Constitution. This sets out that the Leader of the Council may exercise any of the powers delegated to the Cabinet *‘in cases of urgency, in consultation with the Monitoring Officer and/or Section 151 Officer. In cases of urgency the decision of the Leader of the Council will be recorded and published in accordance with the Constitution. The Leader of the Council will also be required to make a public statement at the next formal meeting of the Cabinet which will explain why they had taken the decision as a matter of urgency.’*

In addition, in order to meet the deadline to sign the funding agreement, permission will need to be granted by the Chairman of the Resources and Services Overview and Scrutiny Committee to exempt this decision from both the Forward Plan and the 5 day call in period, through the special urgency provisions. This will be made through using Rule 15 of the Access to Information Procedure Rules, as set out in Part 5.8 of the Constitution.

As such, consultation has taken place with the Chairman of the Resources and Services Overview and Scrutiny Committee to agree that the Special Urgency Procedure as set out in Overview and Scrutiny Procedure Rule 15 (Part 5.8).

Yes	The Monitoring Officer confirms they have been made aware of the above and any additional comments from them are below:
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Consultation has been undertaken in accordance with the Constitution, and no further comments are made in addition to the content of the report.

FINANCE AND OTHER RESOURCE IMPLICATIONS

The initial budget breakdown for this project agreed in the original report was as follows:

Salix Grant Funding: £1,204,481

TDC Contribution: £164,248

Total Project Cost: £1,368,729

It should be noted that this accounted for £113,080 in costs, to cover engagement of consultant's costs, to act on behalf of the Council. Their responsibilities included:

- Full mechanical and electrical (M&E) design duties, including surveys, design drawings, specifications, and equipment schedules
- Structural assessments for Solar PV and ASHP installations
- Ground Penetrating Radar (GPRS) surveys and noise assessments
- Asbestos R&D surveys
- Project delivery support including tender assistance, site duties, CDM Principal Designer role, and contract administration
- Distribution Network Operator (DNO) applications and liaison with suppliers and specialists.

Following completion of the procurement process, the winning and best value tender sum from Regen (UK) Mechanical and Electrical Ltd was £1,308,606. This was £52,957 higher than projected in the report of 23 April 2025, which requires the overall project budget to be increased in order to proceed. To account for any further incidental costs and to effectively underwrite the potential risk to the project, it is suggested that this is increased to £60,000, which will allow an overall contingency budget of £107,403.

As such, if this decision is approved, the financial breakdown will be as follows:

Initial Budget	£ 1,368,729	
Winning Tender Sum	£ 1,315,649	Including £100K Contingency
Consultants cost	£ 113,080	Including 10% contingency
Total	£ 1,428,729	
Additional Budget Requested	£ 60,000	This increases the contingency to £107,403

Where is the additional funding being transferred from?

The additional budget required will be funded from within existing Clacton Leisure Centre budgets that is possible primarily due to the favourable income position that is expected to remain over the year. Overall, at the position from the end of November 2025, the income budget is £220,695 in surplus and the amount proposed to transfer to the project budget is considered appropriate, with no additional impact on elsewhere within the Centre's overall budget. The opportunity cost of the proposed approach is recognised, but the associated value for money considerations of the overall project were set out in the earlier report in April 2025 and these broadly remain significantly unchanged.

Summary of Clacton Leisure Centre income position, to the end of November 2025:

Target: £1,044,034

Actual: £1,264,730

Surplus: £220,695

Yes	The Section 151 Officer confirms they have been made aware of the above and any additional comments from them are below:
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As recognised within the earlier report / decision in April 2025, a review of the financial position would be undertaken once the associated tender process had been completed, which would allow the opportunity to undertake further consideration of the project before proceeding, such as overall financing, agreeing contingency sums and learning from other recent projects.

Following the associated tender process, this report therefore seeks to address the above issues, with value for money considerations also highlighted above and below.

USE OF RESOURCES AND VALUE FOR MONEY

The following are submitted in respect of the indicated use of resources and value for money indicators:

A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;	Completing this project will ensure the Clacton Swimming Pool is not impacted by a closure and will sustain the service to customers. Furthermore, this will guard against the potential of losing the associated income.
B) Governance: how the body ensures that it makes informed decisions and properly manages its risks.	This report will ensure that the full budget (plus contingency) and all appropriate decisions are in place to plan for both the short and long term options for heating the swimming pool at Clacton Leisure Centre.

C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.

Installation of a new boiler would reduce the Council's carbon footprint, by moving away from the use of oil. There is also further potential to reduce energy costs, depending on future guidance around a new installation.

MILESTONES AND DELIVERY

The full project milestones are listed in the original report, but the next key steps are listed as follows:

Works in Progress on Site	19/01/2026	
Complete on Site	16/10/2026	
Final Commissioning	23/10/2026	110

ASSOCIATED RISKS AND MITIGATION

With this decision approved, a full contingency of £107,403 will be included in this project, to allow for any unforeseen costs and to reduce the risk of the project overspending. A full schedule of risk is included in the original report (please see the link provided in the executive summary).

It should be noted that although the Clacton Leisure Centre budget is currently in surplus, there is a risk that income in the last quarter of the financial year will decrease. In that eventuality, the Council will need to consider how to fund the shortfall. Due to the substantial surplus, this risk is currently considered to be low.

EQUALITY IMPLICATIONS

The issues covered in this report would ensure the service is maintained for customers and local people. If there is a drop in the swimming pool water temperature as a result of a boiler closure, this may adversely impact on the Leisure Centre's oldest and youngest customers.

SOCIAL VALUE CONSIDERATIONS

Please see the report of 23 April 2025 (a link is available in the executive summary).

IMPLICATIONS RELATED TO DEVOLUTION AND / OR LOCAL GOVERNMENT REORGANISATION

Completion of this work will put Clacton Leisure Centre in a positive position, by ensuring the heating system is both cost effective, low carbon and importantly, 'future proofed' this important Council asset by installing a sustainable and new heating system for the swimming pool area.

IMPLICATIONS FOR THE COUNCIL'S AIM TO BE NET ZERO BY 2050

The Council has set out its plans to become net zero carbon by 2050. The plan, initially covering the period to 2023, sets out a series of measures to reduce the council's own greenhouse gas emissions. If a new carbon efficient boiler is purchased through the long-term plan set out in this report, it will impact positively on the Council's footprint and will be another positive step towards the strategic objective.

The installation of the solar panels at Clacton Leisure Centre is a significant step towards enhancing energy efficiency and reducing carbon emissions at one of the Council's largest assets. By converting sunlight into electrical energy, these solar panels will provide an annual kWh savings of 103,780. As such, the energy consumption before the project, which is 235,434

kWh annually, will be reduced to 131,654 kWh annually after the project.

This reduction in energy consumption is not only beneficial for the environment but also contributes to the Council's Climate Change Action Plan. The plan aims to reduce the Council's carbon footprint and promote sustainable practices. The solar panels are part of a broader initiative to replace the existing oil-fired boiler with a modern, carbon-efficient alternative powered by electricity.

Additionally, the installation of these solar panels is expected to have a positive impact on the Council's financial sustainability. By reducing energy costs, the Council can allocate resources more effectively and support other essential services. This project is a key component of the Council's strategy to achieve net-zero carbon emissions by 2050.

With regards to the replacement of the oil-fired boilers, the fuel displacement and proposed fuel consumption are set out below on separate lines, due to the systems they serve. This detailed breakdown helps to understand the specific impact on different systems within the Clacton Leisure Centre.

System to serve **Air Handling Units, Part Domestic Hot Water, Radiators, Pool Water Heat Exchanger** will displace 789,353 kWh of current fuel consumption and is expected to have a proposed fuel consumption of 190,290 kWh. This system will provide heat to the air handling units, radiators, pool water heat exchanger, and part of the domestic hot water load.

System to Serve **Top Up Domestic Hot Water** will displace 197,338 kWh of current fuel consumption and is expected to have a proposed fuel consumption of 41,112 kWh. This system will be used for the remaining domestic hot water load in conjunction with a twin plate domestic hot water bespoke calorifier.

These changes are part of the Council's broader initiative to replace the existing oil-fired boiler with a modern, carbon-efficient alternative powered by electricity. The installation of the new solar photovoltaic (PV) panels, will support powering the new heating system.

The change from an oil-fired boiler to an energy efficient alternative is set out in the Council's Climate Change Action Plan, as summarised below:

Action	Narrative	Measure
Building upgrades to Clacton Leisure Centre	As part of Active Wellbeing Centre project, feasibility study to identify energy efficiency and reduction measures for operations and facilities at Clacton Leisure site	% reduction in Scope 1 emissions (tCO ₂ e)
Solar panels on our estate Reducing costs and carbon for the council's most energy intensive estate	A solar feasibility report carried out at the beginning of 2023 indicated a 3 – 5 year payback period for solar panels installed on the Council's main office buildings and Leisure Centres. Action during this period will include investigation and reporting on the risks and benefits of delivery models, followed by an initial pilot project prior to rolling out across the council's estate subject to funding.	kWh generated

Leisure estate operations Feasibility study for energy consumption reduction	The district's three council-operated leisure centres are some of the highest emitters in the district, through a high demand of a combination of electricity, oil and gas, which is a substantial financial commitment. Alternative measures which could be considered include other ways of reducing the costs of heating swimming pools, for example, exchanging heat from carbon intensive businesses like data centres to heat swimming pools; or using new technology to clean and recycle water used within the pool tank to meet high hygiene standards and reduce the amount of energy needed in the pool.	% reduction in Scope 1 emissions (tCO2e)	
OTHER RELEVANT CONSIDERATIONS OR IMPLICATIONS			
Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.			
Crime and Disorder	There are no specific implications at this stage		
Health Inequalities	The decisions in this report would maintain current service levels, which would ensure local people have access to services which impact positively on their activity levels, health and in some cases challenges issues of social isolation.		
Area or Ward affected	St Pauls		
Local Government Reorganisation and Devolution	This project will support the longevity of the facility with the upgrade of key mechanical plant supporting the service. Following LGR, this will 'de-risk' the potential of a further failure for a new Unitary Authority.		

PART 3 – SUPPORTING INFORMATION

BACKGROUND
The Clacton Leisure Centre Swimming Pool boiler is currently fired by oil and as such, replacement through a new carbon efficient alternative would reduce the Council's carbon footprint. The Council's Sport and Activity sets out the need for identifying external funding opportunities for the Council's sports facilities to ensure resilience and proactive maintenance, with a focus on reducing energy costs and carbon emissions. The strategy sets out the following as key areas of focus, which are relevant to this project: • <i>Improving/replacing plant and equipment with modern technology to decrease the</i>

Council's carbon footprint.

- *Securing further external funding to support modernisation and carbon reduction.*
- *Developing actions to further reduce the Council's carbon footprint at the sports facilities.*
- *Identifying opportunities for financial sustainability*
- *Identifying proposals for long term investments*
- *Identifying external funding opportunities*

In 2021, all three Leisure sites (Walton, Dovercourt and Clacton) underwent an energy audit as a result of the Council's Carbon Reduction Plan. The audit was undertaken as part of the process for understanding the present energy and carbon performance of the existing estate and where improvements can be made to reduce energy and waste consumption. Though that process, it was noted that the oil boiler will need replacing in the coming years and the auditor stated that 'installing a heat pump will provide a good future proof option.'

How did the Salix bid materialise?

On 14 November 2024, a decision was taken to appoint Consultants, to prepare a funding bid to Salix on behalf of the Council. The decision is set out below:

To agree the exploration of external funding opportunities to replace the existing oil fired boiler at Clacton Leisure Centre with modern carbon efficient alternative.

To agree that £5,000 can be allocated from the Sports Facilities revenue budget to engage a consultant to complete a funding bid to 'Salix' on behalf of the Council. Furthermore, to agree an exemption to the Council's procurement rules to appoint Heaton Design and Engineering to undertake this work.

What is Salix Funding?

Salix Finance is a Public Sector Decarbonisation Scheme run on behalf of Central Government, which delivers funding schemes to support the public sector reduce carbon emissions in line with the UK's 2050 net zero target.

Salix funding, provides grants to public sector organisations to support projects aimed at reducing carbon emissions and improving energy efficiency in public buildings. This funding helps institutions like schools, hospitals, and local government buildings implement measures such as low-carbon heating systems, insulation, and renewable energy installations. The main goal is to help the public sector achieve net-zero carbon emissions by making buildings more energy-efficient and reducing reliance on fossil fuels. The scheme is part of the broader effort to combat climate change and promote sustainability.

PREVIOUS RELEVANT DECISIONS

CABINET REPORT ON THE COUNCIL'S DRAFT SPORT AND ACTIVITY STRATEGY, 12 MARCH 2024:

[Microsoft Word - Sport and Activity Strategy March 2024 Final Version Final](#)

EXTERNAL FUNDING APPLICATION TO REPLACE EXISTING SWIMMING POOL BOILER:

[Decision - Clacton Leisure Centre – External funding application to replace existing](#)

[Swimming Pool boiler with carbon efficient alternative](#)

COMMUNITY REGENERATION PARTNERSHIP – PROGRAMME DELIVERY:

[Decision - Cabinet Members' Items - Report of the Economic Growth, Regeneration and Tourism Portfolio Holder - A.6 - Community Regeneration Partnership \(formerly Levelling Up Partnership\) - Programme Delivery](#)

COMMUNITY REGENERATION PARTNERSHIP – PROGRAMME UPDATE AND FURTHER WAVE OF PROJECTS:

[Report Template Part A](#)

CLACTON LEISURE CENTRE HEATING SYSTEM REPORT:

[Decision - Clacton Leisure Centre Heating System](#)

EXEMPTION FROM PROCUREMENT RULES TO APPOINT HEATON DESIGN AND ENGINEERING LTD FOR THE CLACTON LEISURE CENTRE OIL BOILER REPLACEMENT:

[Decision - Exemption from procurement rules to appoint Heaton Design and Engineering Ltd for the Clacton Leisure Centre Oil Boiler Replacement](#)

BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL

APPENDICES