Committee Report Checklist

Please submit the completed checklists with your report. If final draft report does not include all the information/sign offs required, your item will be delayed until the next meeting cycle.

Stage 1
Report checklist – responsibility of report owner

ITEM	**Yes / No**	**Date**
Councillor engagement / input from Chair prior to briefing	No	
Relevant Group Head review	N/A	
MAT+ review (to have been circulated **at least 5 working days before Stage 2**)	Yes	23/10
This item is on the Forward Plan for the relevant committee		
	Reviewed by	
Finance comments (circulate to Finance)	AB	29/10/26
Risk comments (circulate to Lee O'Neil)		
Legal comments (circulate to legal@spelthorne.gov.uk)	LH	23/10/26
HR comments (if applicable)	N/A	

For reports with material financial or legal implications the author should engage with the respective teams at the outset and receive input to their reports prior to asking for MO or s151 comments.

Do not forward to stage 2 unless all the above have been completed.

Stage 2
Report checklist – responsibility of report owner

ITEM	**Completed by**	**Date rec'd**
Monitoring Officer commentary – at least **5 working days before MAT**	L Heron	26/10/26
S151 Officer commentary – at least **5 working days before MAT**	T.Collier	30/10/26
Commissioner engagement		
	Delete as applicable:	Comments in S. 7
Relevant MAT member sign-off		
Report reviewed by Management Team		

Corporate Policy and Resources Committee

Monday 30th November 2026

Title	Replacement of Mechanical & Electrical Plant at Sunbury Leisure Centre
Purpose of the report	To make a recommendation to Council
Report Author	Coralie Holman – Group Head Assets
Ward(s) Affected	All Wards
Exempt	Main Report – No Appendices - Yes
Exemption Reason	The appendices contain exempt information within the meaning of Part 1 of Schedule 12A to the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985 and by the Local Government (Access to information) (Variation) Order 2006 Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information) and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information because, disclosure to the public would prejudice the financial position of the authority in any contract or other type of negotiation with a prospective purchaser who could then know the position of the Council.
Corporate Priority	Community Environment and Services
Recommendations	**Committee is asked to:** Recommend to Council to: 1) Approve a supplementary Capital estimate as detailed in the financial appendix to undertake improvement Mechanical and Electrical Plant replacement works at Sunbury Leisure Centre. 2) Approve the procurement of a suitable contractor to undertake the Mechanical & Electrical Plant replacement, subject to the tendered price being within the approved budget tolerances. 3) Delegate authority to the Group Head of Assets in consultation with the Chair and Vice Chair of Corporate

	Policy and Resources Committee to appoint the preferred bidder as set out in this report to undertake the Mechanical and Electrical Plant works. 4) Delegate Authority to the Group Head of Corporate Governance to enter into necessary legal documentation to formalise the appointment of the contractor
Reason for Recommendation	The replacement Mechanical and Electrical Plant works at Sunbury Leisure Centre, will not only enhance the operation of the facility but are also a contractual requirement under the Leisure Operator Contract between the Council and Places for People.

1. Executive summary of the report

What is the situation	Why we want to do something
• The Mechanical and Electrical plant (MEP) at Sunbury Leisure Centre is over 30 years old and is considered obsolete • As part of the procurement for a new leisure centre operator the Council undertook to replace the aged MEP • Procurement of a contractor for this work was delayed as the Decarbonisation project works, needed to be complete, prior to MEP replacement works commencing. • There is Capital Programme provision of £1m currently for the works • The Decarbonisation project concluded much later than anticipated, during this time the scope of work needed to progress the MEP replacement significantly increased, and the tender returns were much greater than the capital budget approved in 2024.	• If the works are not undertaken the Council may be in breach of the Leisure Operator Contract • If the aged equipment is not replaced it is at risk of failing and this could result in parts or all of Sunbury Leisure centre having to close for long periods of time causing reputational damage and generating potential loss of income claims from the operator
This is what we want to do about it	These are the next steps

• Seek a supplementary capital estimate approval to allow the project to be re-tendered and works to commence.	• Identify a preferred contractor and enter into a contract for the works to be carried out as soon as possible.

2. Key issues

2.1 Under the terms of the Leisure operator contract (LOC) with Places for People the Council are contractually required to undertake Mechanical and Electrical Plant (MEP) replacement works. A report was brought to Corporate Policy and Resources Committee and then Council in December 2024, where approval was obtained to progress Mechanical and Electrical Plant (MEP) replacement works at Sunbury Leisure Centre.

2.2 The existing MEP at Sunbury is over 30 years old and consultants have advised cannot be replaced on a like for like basis, predominantly because the size, configuration and functionality of MEP equipment has significantly changed over the last 30 years

2.3 Works were due to be completed by September 2025, with a 9 month works programme, which resulted in the initial scope of works undertaken to inform the December 2024 budget approval, not being as comprehensive as the now known information is.

2.4 The commencement of the tender process to select a contractor was delayed due to an interconnected decarbonisation project, over running by a significant period. Whilst frustrating this in turn has proven beneficial as the work undertaken as part of the decarbonisation project has provided a greater depth of knowledge resulting in the need for additional and more comprehensive work to replace the MEP and ensure the Leisure Centre continues to remain in a fully operational condition.

2.5 When the MEP replacement work was tendered in summer this year, there was a limited tender response and the two tenders received were significantly above the 2024 approved capital budget. Since the tender returns were received Officers working with the appointed specialist M&E consultant has undertaken a detailed validation exercise to understand the huge increase in the cost of works from the estimated cost in late 2024.

2.6 The MEP systems are core building services infrastructure that the operation of the leisure centre depends upon. The increased scope will infrastructure is replaced that is reaching the end of its operational life and reduces the increasing reliance on reactive repairs, temporary fixes and emergency interventions.

2.7 Undertaking the works now allows the Council to manage this replacement in a planned and controlled manner, reducing the risk of service disruption, unplanned failures, escalating maintenance costs, and potential closure of parts of the facility. In officers' view, this should be considered routine lifecycle investment in critical building infrastructure rather than discretionary improvement works.

2.8 Appendix 1 sets out an indicative summary of the principal factors that have contributed to the cost increase from the original estimated cost in late 2024. The costs predominantly relate to items of work that were not considered to be necessary at the time of forecasting the original budget need. Works relating to the decarbonisation project have enabled a more detailed level of understanding of the project/systems via subsequent investigation, testing, validation and improved asset information highlighting areas that were not sufficiently understood when the preliminary 2024 budget was prepared. This resulted in work being rescoped in a more itemised way. Works originally were specified on dilapidations data available but now have been verified by further testing and validation.

2.9 The updated scope does not represent a premium or enhanced specification but has been developed around the minimum works considered necessary to replace end-of-life infrastructure and maintain safe operation of the facility. The M&E consultant has also completed a detailed assessment of the tender returns, tender clarifications and post-tender responses received from the market. This additional exercise was undertaken to establish whether there was a realistic opportunity to deliver the developed scope for materially less cost than the current tendered position. The conclusion being the increased budget is necessary to deliver the correct level of investment into the centre to ensure its continued reliable operation for the foreseeable future.

2.10 In practical terms, reducing the scope now would defer expenditure rather than avoid it. It would also likely increase the overall cost to the Council, as the remaining works would need to be delivered through future phases, with repeated contractor mobilisation, access requirements, commissioning activities, and disruption to the operation of the centre.

2.11 The Council's M&E consultant has confirmed, the scope does not represent a premium or enhanced specification. The scope has been developed around what they consider to be the minimum works necessary to replace end-of-life infrastructure, maintain safe operation of the leisure centre and provide a maintainable long-term solution.

2.12 To enable the project to be progressed and contractual obligations to be fulfilled this report seeks to obtain approval for the increased budget set out in Appendix 2, together with approval to undertake a procurement exercise to select a contractor to undertake the work as soon as possible.

3 Options appraisal and proposal

3.1 Option 1 - **It is recommended** this Committee approve a recommendation to Council to agree a supplementary capital estimate to increase the budget to that set out in Appendix 2, to enable works to commence to undertake the replacement MEP works at Sunbury Leisure Centre.

3.2 Option 2 – look to progress a reduced scope of work aligned to the originally approved capital budget in December 2024. This is not recommended as it is likely to result in on-going works being required to the MEP and may result in Places for People claiming against the Council for losses, if the centre is closed for long periods of time. This option is not recommended.

3.3 Option 3 – Do not progress any of the MEP works at Sunbury Leisure Centre. This is not recommended as the Council would be in breach of its contractual obligations to Places for People and may find the aged plant at Sunbury Leisure Centre fails resulting in the swimming pool or other elements of the centre having to close for even greater periods of time. This is likely to result in a much greater claim for losses from Places for People for loss of income plus reputational damage for the Council.

4 Risk implications

4.1 If the budget is not approved and the existing MEP fails, this raises the possibility of Places for People making a claim for losses incurred, due to loss of income where the centre must be closed for public use.

4.2 The services of a specialist consultant have been procured to manage the works on behalf of the Council due to the specialist technical nature and to provide close supervision and careful programming and monitoring to ensure there are no delays. The consultant costs are included within the budget request as shown in Appendix 1.

4.3 Service continuation/Sunbury LC closures – the existing MEP is approaching the end of its lifespan and in the event of a breakdown or failure there is a risk that the leisure centre will not be able to operate as repairs may not be a viable option. This risk is managed by the ongoing maintenance regime until the replacement works are completed.

4.4 Project Management - the project will be managed using the Council's project management methodology, which is broadly based around Prince 2 Project Management and quarterly updates will be provided to the Chair and Vice Chair of CPRC. Project documentation includes a project Initiation document and programme. Once commenced further documents to include a project risk log, project progress, budget monitoring and other relevant matters will be produced and made available on the project dashboard.

4.5 If works are not undertaken within the short term and needed to be undertaken longer term, which may be to fulfil obligations for yielding up the premises in good repair at the end of the lease in 2036 or because the current equipment has failed and needs to be replaced as an emergency following centre closure, the additional budget may not be sufficient to meet the cost of the work due to inflation and other economic factors impacting pricing.

4.6 If the works are not undertaken soon this could cause Health & Safety issues at the centre, specifically around ensuring the correct temperatures can be maintained for staff and users of the centre, in offices, reception and specific facilities i.e. water temperature in the pools. In addition, the MEP equipment also deals with extraction with the centre as well as heating and ensures elevated humidity is not a concern whilst exercising in the gym, studios and sports hall.

5 Financial implications

5.1 The Council has approved a capital budget of £1.000m for the replacement of the Mechanical and Electrical (M&E) Plant at Sunbury Leisure Centre, funded

from capital grant. The 2026/27 Quarter 2 forecast assumes expenditure of £0.046m in 2026/27, with the remaining £0.954m slipped into 2027/28.

5.2 Following detailed condition surveys, validation work and the receipt of tender returns, the estimated cost of the project has increased significantly above the approved budget. As a result, a supplementary capital estimate is required (details included in Appendix 2) to enable the Council to meet its contractual obligations and replace critical end-of-life infrastructure.

5.3 Failure to proceed with the works would expose the Council to increasing reactive maintenance costs, further inflationary pressures, potential compensation claims from the leisure operator, and the risk of unplanned facility closures. The expenditure should therefore be regarded as an essential lifecycle investment that supports continued service delivery and protects the Council's longer-term financial interests.

5.4 The supplementary capital requirement will be funded from capital receipts generated through the Council's asset rationalisation programme. The use of these receipts will reduce the level of unallocated capital receipts available to support future capital financing requirements. Consequently, fewer capital receipts will be available to repay external borrowing, resulting in a higher level of PWLB debt outstanding and an associated increase in the Council's interest payable budget from 2027/28 onwards.

6 Legal comments

6.1 Pursuant to section 111 of the Local Government Act 1972 and the general power of competence under section 1 of the Localism Act 2011, the Council has suitable powers to enter into the proposed contract.

6.2 Council’s Contract Standing Orders (Part 4(e) of the Constitution) must be considered and complied with in the selection of the preferred contractor.

6.3 Legal Services (g.legal@spelthorne.gov.uk) will provide advice and assistance with the review and negotiation of the contract terms and conditions and any other associated documentation as necessary.

6.4 Sunbury Leisure Centre is held by the Council on a lease from Sunbury Manor School. Legal Services will liaise with the landlord in the event the lease requires the landlord’s consent to the proposed works.

6.5 The Council has granted a sublease of Sunbury Leisure Centre to the current operator, Places for People Leisure Management Ltd; the sublease reserves suitable rights to carry out the proposed works which mitigates a risk of a claim from and / or the need to enter into a supplemental arrangement with the operator.

Corporate Implications

7 Commissioners’ comments

7.1 Commissioners support the recommendations of this report.

8. S151 Officer comments

8.1 The S151 Officer confirms that all relevant financial implications have been set out. For the reasons explained in the report, it is necessary for the Council to replace old MEP at the Centre. This does mean that the Council will not be able to reduce its outstanding debt by quite as much as it is seeking. West Surrey Council has been made aware of this capital expenditure requirement.

9. Monitoring Officer comments

9.1 In view of the value of this project, authority to make final decision is reserved to Council.

9.2 There are no specific legal concerns arising from the recommendations in this report provided the proposed procurement is conducted in accordance with the Council's Contract Standing Orders and all applicable legislation, and an appropriate contract is in place prior to the commencement of the works.

10. Procurement comments

10.1 The works contract will be procured in line with the Council's contract procedure rules. The Procurement Team will assist throughout.

11 Equality and Diversity

11.1 Whilst there are no direct equality and diversity issues arising from this work, Equality and diversity in a leisure centre means ensuring all people regardless of background, identity, or physical ability, can access, use, and enjoy facilities fairly and without discrimination

12. Sustainability/Climate Change Implications

12.1 As part of the procurement process, the selection criteria prescribe contractors to demonstrate processes which minimise the environmental impact of their services.

12.2 Additionally, replacing MEP installations at Sunbury Leisure Centre with energy-efficient technologies have many environmental benefits, including reduction in carbon footprint and greenhouse gas emissions.

12.3 Any Mechanical and Electrical Plant that can be retained will be, but wherever replacement is required, removed plant will be recycled where possible; at the current time we do not have sufficient information to provide clarity on what elements can or can't be recycled. New equipment will reduce the green house emissions and carbon footprint of the building further.

13. LGR / other considerations

13.1 If the Council does not carry the works out then this could create reputational risk, from the potential of the Council being in breach of its contract with Places for People and also from failing equipment that cannot easily be repaired resulting in lengthy closures of some or all of Sunbury Leisure Centre.

13.2 The length of closures cannot be qualified as this will depend on the element of MEP that fails, the availability of suitable parts to undertake repairs. As outlined earlier in the report, much of the equipment is considered obsolete as

well as being dated, hence it is not anticipated sourcing parts to replace the aged equipment will be straightforward.

13.3 The Council has made the West Surrey Interim S151 Officer aware of this proposal, and the reasons for it.

14. Timetable for implementation

14.1 As soon as possible

15. Contact

15.1 Coralie Holman Group Head Assets c.holman@spelthorne.gov.uk

Background Papers: CPRC and Council MEP report dated 9th December 2024

Appendix 1 – Factors contributing to the increased cost of MEP replacement
Appendix 2 – Financial Budget request