

Carbon Trust Report - Large Scale Programme to Reduce Energy Consumption

1. Purpose of the Report

- 1.1 To receive the recommendations of the Overview and Scrutiny Committee in respect of the energy audit report submitted by the Carbon Trust, a Government funded body established to assist organisations reduce energy consumption.
- 1.2 To approve a project based programme which will critically review the potential cost-benefits of the Carbon Trust proposals and if appropriate, to proceed to a phased programme of implementation from 2007-8 financial year onwards.

2. Recommendations

- 2.1 **To approve the Overview and Scrutiny recommendations but with a commencement of an investment programme in 2007/8.**
- 2.2 **To initiate a prior feasibility study on the individual projects within the overall programme, to ensure that projected energy savings are realistic, achievable and critically evaluated over time.**
- 2.3 **To appoint a Member Champion with an Officer support group, to drive and monitor the project based on a tightly controlled performance management programme, to receive reports ensuring delivery within the capital budget to ensure delivery of forecasted energy savings.**
- 2.4 **To identify and deploying resources within the existing revenue budgets to co-ordinate and produce contract specifications and to implement each "mini-project".**
- 2.5 **To ask the Overview and Scrutiny Committee to monitor and evaluate the energy reduction programme to ensure objectives and targets are achieved.**
- 2.6 **Overview and Scrutiny Recommendations**
 - (i) **That the recommendations of the report be implemented as a priority "invest-to-save" project for the financial year 2006/07;**
 - (ii) **That a dedicated officer resource be identified with sufficient time and authority to implement the project;**
 - (iii) **That consideration be given to resourcing the post from within the organisation and within resource;**
 - (iv) **That consideration be given as to the role of a lead Member and Champion within the project;**
 - (v) **That consideration be given to an annual audit of the implementation of the project against the recommendations made in the Carbon Trust report;**
 - (vi) **That implementation of the project be taken as an opportunity to establish the Authority as a sustainable energy exemplar;**
 - (vii) **That work be undertaken with partners to promote sustainable energy uses including the Wiltshire Procurement Federation;**

- (viii) **That work be taken with Town and Parish Councils, possibly under the auspices of the Area Committees, to combine resources to promote sustainable energy use in local communities;**
- (ix) **Notwithstanding vehicular use being outside the remit of the Carbon Trust report, that consideration be given to the use of alternative fuels within the vehicles managed by the Council;**
- (x) **That the issue of employee use of sustainable transport be addressed through pay and rewards review;**

3. Links to the Corporate Plan

- 3.1 The Council considers itself to be a "green" authority and the Executive has already agreed a policy of Corporate Social Responsibility (CSR) whereby all priority decisions are considered on the basis of their likely impact on the environment. It also links with Gershon savings and value for money exercises.

4. Background

- 4.1 The Carbon Trust report arose from a reference from a meeting of the Overview and Scrutiny Committee in relation to the energy consumption throughout the Council's buildings. A recommendation was made to organise a technical audit through the Carbon Trust, a Government funded organisation which offers free expert energy conservation advice. The consultant's advice had a fee value of around £7,500.
- 4.2 The recommendations from the Carbon Trust are contained in Appendix One of the December 15th, 2005 report to the Overview and Scrutiny Committee. The total cost of the capital investment was estimated at £284,570 to which must be added the cost of £40,000 for a technical resource to write the contract specifications and to directly supervise the work. The payback period will be under three years and savings will continue as energy use will be curtailed.
- 4.3 The recent announcement of fuel price increases of up to 25% over the next eighteen months has merely strengthened the case for invest-to-save measures as advocated by the Audit Commission.
- 4.4 The Committee will be aware that an energy reduction programme will largely impact on buildings which are not under the direct control of the Council, e.g. the Leisure Centres and Monkton Park. However, the argument is made that the buildings are in need of energy efficient capital investment and that reduced running costs are to the ultimate benefit of the Authority. In addition, if the Council is to exercise leadership within the community on green issues and climate warming in particular, it could be argued that every effort should be made to reduce energy use by investing in Carbon Trust type projects.
- 4.5 In priority order the Energy Management improvements suggested are:
- (i) Revise and Expand Energy Policy
 - (ii) Provide Monitoring and Targeting Software
 - (iii) Integrate Energy Saving into Future Maintenance Contracts
 - (iv) Design Specification for New Build/Refurbishment projects
 - (v) Automatic Meter Reading

- 4.6 Under the Home Energy Conservation Act 1995 the Council will also set up a Council Energy Group with a remit to look at all aspects of energy saving, building design and raising public awareness. It would seem timely and avoid a duplication of effort if an Energy Policy were co-ordinated with the activities of this group
- 4.7 Some initial work on energy savings has commenced with Jarvis; and separated metering systems are being considered. With both Jarvis and the Leisure Trust detailed work after initial feasibility is likely to take some time and therefore it is not anticipated any major investment programme will commence until 2007/08.

5. Community and Environmental Implications.

- 5.1 By adopting a Corporate Social Responsibility role, the Council needs to turn policy into implementation by demonstrating to the local community that energy reduction is a matter to be taken seriously. In environmental terms, there can be no greater contribution to the reduction in global warming movement than a programme which helps reduce carbon emissions.

6. Human Resources, Equality and Diversity

- 6.1 Any proposal to produce a new post or resource, for the task of drawing up detailed project specifications, will need to be considered through the existing Council machinery for staff changes. The Business Manager will need to bring forward for proposals at an early stage. There are no direct implications for the Council's Equality and Diversity policies.

7. Financial Implications

- 7.1 The Council will need to be certain that the capital investment required will produce the estimated revenue savings. It is noted that the programme will be monitored and that each mini-project will be evaluated in advance to ensure that the reduction in energy use can be achieved. A rigorous and carefully audited performance management approach will be needed.
- 7.2 It would be appropriate for energy use to be monitored over the long term to ascertain whether predicted savings have been achieved. Energy reduction is not just about technical improvements but also about operational and management practices and these will need to be constantly monitored.
- 7.3 The Council will also need to be clear about the relationship with partner organisations in terms of the responsibility for, and financial benefits accruing from, a capital investment programme. It would be prudent for the Executive to be given a report on this aspect of the programme before any mini-energy projects are implemented.
- 7.4 Additional funding resources to employ specialist skill will be identified from existing revenue funding during 2006/07.
- 7.5 The consultants report notes actions at site level and are divided into those that are generally applicable and those that are site specific. The report indicates an additional £244,070 worth of items, making a total sum of £284,570 saving annually £106,619 – a payback period of less than 3 years

8. Summary and Conclusion

- 8.1 The Carbon Trust has provided a detailed review of energy proposals arising from an energy audit with costed projects and estimated savings. The proposals if approved and feasible will repay the investment costs in less than three years. The recently announced increase in energy costs which forecast a 25% rise in fuel prices only make the Carbon Trust calculations even more compelling.
- 8.2 In order for the Council to have full confidence in an investment programme, it is proposed that a Member Champion leads a small officer group dedicated to energy reduction projects and that work commences in the year 2006/7 to commence a full investment programme in 2007/8. It is further proposed that this Group evaluates each mini-project within the overall programme, beforehand to ensure that savings can be made, and afterwards monitors consumption to check actual savings.

Papers Used:

- Carbon Trust Report NWDC November 2005
- Overview and Scrutiny Committee, December 2005
- OGC Utilities Forecast on Energy Prices

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