

27 September 2012**Agenda Item: 4****REPORT OF THE SERVICE DIRECTOR FOR TRANSPORT, PROPERTY AND
ENVIRONMENT****PERFORMANCE REPORT – ENERGY AND CARBON MANAGEMENT****Purpose of the Report**

1. This report provides information to the Committee on the performance of the energy and carbon management service.

Information and Advice

2. The energy and carbon management function provides a service on behalf of the Council's corporate estate, including schools, to ensure supply of electricity, gas and wood fuel is available at competitive rates; to promote and support investment in energy efficiency measures; to support investment in renewable energy technologies; to ensure compliance with energy-related legislation and to manage consumption data to enable effective monitoring, forecasting and reporting. In numbers, the service looks after around 1,500 meter points, across about 600 sites, with a combined energy spend of nearly £17million, including street lighting. The service manages a recycling energy investment fund of £1.2million, (£0.5million Carbon Trust funding). The Council's emissions of carbon, reported under the Carbon Reduction Commitment Energy Efficiency Scheme (CRCEES) amount to 67,453 tonnes, costing £809,436 at the current rate of £12 per tonne. These exclude emissions from street lighting, but include those from schools.
3. Electricity and gas are procured on behalf of the County Council by the Government Procurement Service (GPS - formerly known as Buying Solutions), who were appointed as the Council's approved central purchasing body in 2009, prior to new supply contracts commencing in April 2011. Since September 2009, energy costs and procurement information has been reported twice yearly to Cabinet, with the most recent report being on the 8 February 2012.
4. The Local Authority Energy Fund (LAEF) administered by the service exists to fund energy efficiency measures within the Council estate (including schools) that provide a return on investment in 5 years or less. Loans are repaid back into the fund without any interest charged. The Carbon Trust's £0.5million contribution to the fund is managed by Salix Finance, who regulate and monitor our scheme. To the end of March 2012, this fund has invested almost

£1.2 million in the Council's schools and other buildings, saving 1,778 tonnes of carbon dioxide per year and around £350,000 in energy costs.

5. The Council's major investment in renewable energy has been in biomass boilers and solar, photovoltaic panels (PVs). The Council has a long history of investing in biomass boilers, and probably operates more wood-fuelled sites than any other UK local authority. A report recommending further investment by the Council in biomass boilers, making effective use of the Government's Renewable Heat Incentive (RHI) payments, was taken to Finance and Property Committee on 17 September 2012. Investment in PVs has largely been more recent, following the introduction of increased Government support through the introduction of Feed in Tariffs (FiTs) for electricity generated by renewable technologies. The Council's SunVolt scheme was established in 2011 to invest £800,000 in PVs on the Council's non-school buildings. To date c£600,000 has been invested in over 1,300 panels, which are expected to generate just under 250,000 kWh per year, saving around £15,000 in electricity costs at current prices, and yielding around £55,000 p.a. in FiT payments. These panels will save over 100 tonnes of CO₂ p.a. and represent an annual return on investment of around 10%.
6. Performance measurement on energy and carbon management has been subject to changing central government requirements and legislation. As the County Council is obliged to report its carbon emissions under the CRCEES, the decision was made to limit its local greenhouse gas emissions report to its emissions under the CRCEES, with the addition of those for street lighting, which are relatively easy to calculate. The energy performance of the Council's building stock could also be tracked by using the annual Display Energy Certificates that are required for our larger (over 1000m²) buildings.

Summary of Performance

7. **Appendix 1** shows current levels of performance for the service area, including a flow diagram that indicates how current performance measures link together, and summarises the overall effectiveness and efficiency of the service area.
8. Overall performance for the service is good, with a wide range of renewable technology initiatives being installed across the corporate estate, high take up of the LAEF funding scheme, and a resultant drop in energy use and carbon emissions. Together with the increase in income generation from FiTs and the RHI the service is contributing significantly to the efficient use of resources for the council against a backdrop of rapidly rising energy/fuel prices.

Analysis

9. The scale of the reduction in carbon emissions from buildings shown in the appendix is largely due to the mild winter of 2011-12, compared to the fairly severe winter of 2010-11. The challenge will be to try and sustain such a reduction if this winter proves a lot less mild than last. However, building rationalisation and improvements under the Council's Ways of Working

programme, combined with the investment measures mentioned in paragraphs 4 and 5 above, should help sustain the desired trend.

10. Emissions for street lighting, signs and signals are less subject to weather patterns. Action to improve performance in this area primarily rests with Highways, where in addition to the part-night lighting programme officers are actively exploring opportunities for reducing lighting levels through dimming, and investment in low energy equipment.
11. A number of proposed new performance indicators are also detailed in the flow diagram in **Appendix 1**. Members are asked to consider whether these indicators are appropriate to the needs of the Committee in assessing the effectiveness of the service.

Other Options Considered

12. None – this is a noting report.

Reasons for Recommendations

13. Energy and carbon management is a significant area of spend for the Council, and has a major impact on the environmental and economic well being of the County. It is essential therefore that the Environment and Sustainability Committee is fully briefed on issues which impact on the delivery of the service.

Statutory and Policy Implications

14. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Implications for Service Users

15. Performance in this service area has a major impact on schools in Nottinghamshire, with the vast majority of non fee paying schools buying electricity and gas through the Council's contracts. For schools and non school sites alike, good energy management and sensible investment can help limit the impacts of the predicted upward trend in energy costs and even yield budget savings, in addition to the environmental benefits accrued from reducing carbon emissions and pollution associated with the use of fossil fuels.

Recommendation

1. That Committee note the contents of the report.

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For any enquiries about this report please contact:
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Constitutional Comments

16. This report is for noting only.

Financial Comments

16. This report is for noting only. There are no direct financial implications
contained in the report.

Background Papers

None

Electoral Divisions

All