

FINAL REPORT OF THE SCRUTINY REVIEW PANEL

AN ENERGY AND WATER POLICY FOR LEICESTERSHIRE COUNTY COUNCIL



**“EVERY POUND SPENT ON ENERGY IS A
POUND NOT SPENT ON SERVICES”**

FINAL REPORT OF THE SCRUTINY REVIEW PANEL

ENERGY AND WATER POLICY AND STRATEGY

Introduction

1. This report sets out the findings of the Review Panel established to consider the current strategy in relation to energy and water usage within the County Council.
2. The Review Panel was established following concerns raised at the former Resources Scrutiny Committee about the increased pressure on the Council's budget of rising energy costs.

Membership of the Panel

3. The following members were appointed to serve on the Panel.

Dr. S. Hill CC

Mr. J.S. Moore CC

Mr. M. Jones CC

Mrs. M.L. Sherwin CC

Mr. E.D. Snartt CC

Mr. Snartt was appointed Chairman of the Panel.

Conduct of the Review

4. The Panel met on three occasions. The Panel was supported by officers from the Resources and Community Services Departments. The Panel considered the following information as part of its investigation:
 - a) The report of a consultant Mr. R. Holmes , who had been engaged to provide an assessment of corporate energy and water management practices within the Council to enable the development of a corporate strategy and action plan. The resulting report produced a comprehensive analysis reducing the need for information gathering meetings.
 - b) Reports from officers in the Highways Transportation and Waste Management Department concerning energy policy and usage in relation to street lighting.
 - c) Comments from officers in the Children and Young People's Service regarding methods by which schools could be engaged in giving priority to energy efficiency.

- d) A presentation from Mr Iain Munro, Headteacher of Birstall Highcliffe Primary School concerning the work of the school to reduce energy consumption and carbon dioxide emissions.
- e) A presentation from Mr Alan Allsopp, Principal Energy Management Officer from Nottinghamshire County Council. Nottinghamshire was identified as a Authority with good practice, the Authority having achieved Beacon Status.

Energy and Water Usage in County Council Buildings

- 5. The key findings emerging from the Audit of Energy usage undertaken by the Consultant and from discussions with officers with operational responsibility were as follows:-
 - a) The total spend on energy for the year ending December 2005 was £7,068,827, an increase of 22% on 2004 and 57% on 2001. Spend on buildings only was £5,710,000 (of which school spend was £4,300,000 and non-schools was £1,410,000) with the remaining expenditure (£1,358,827) being on street lighting.
 - b) Energy consumption of County Council buildings against national benchmarks showed that electricity consumption was 165% of 'typical' benchmark while fossil fuel consumption was 115% of 'typical' benchmark.
 - c) Water usage nationally continues to rise and it is becoming more difficult to match supply with demand. Demand management is now playing a more prominent role. Total spend by the County Council on water in 2005 was £1,013,372 an increase of only 4% on 2002. This was largely due to the work of officers concentrating on key sites. Further efforts and investment could lead to more significant savings in water use.
- 6. The Panel noted that significant savings in energy consumption could be made if the County Council could achieve the 'typical' benchmark. The estimated annual savings would be in the order of £1,512,000 (of which schools would be £1,158,600 and non-schools £353,400).

Energy Management and Energy Policy

- 7. Prior to local government reorganisation in the 1990's, the County Council employed a team of around 10 staff to manage energy and water use. As prices reduced following deregulation of the energy industry this team was rationalised. The consultants audit contains the following management matrix which provides an indication of where the County Council stands with regard to management of energy and water.

Level	Policy	Organisation	Motivation	Information Systems	Marketing	Investment
4	Active commitment of top management	Fully integrated into general management	All staff accept responsibility for saving energy & water	Comprehensive system with effective management reporting	Extensive marketing within and outside organisation	Positive discrimination in favour of 'green' or long term saving schemes
3	Formal policy but no commitment from top	Clear delegation and accountability	Most major users motivated to save energy & water	Monthly monitoring and targeting for individual premises	Regular publicity campaigns	Same appraisal criteria used as for all other investment
2	Unadopted policy	Delegation but line management and authority unclear	Motivation patchy or sporadic	Monthly monitoring and targeting by fuel type	Some <i>ad hoc</i> staff awareness training	Investment with short term payback only
1	Unwritten set of guideline	Informal part-time responsibility	Some staff awareness of importance of energy & water saving	Invoice checking	Informal contacts to promote efficiency	Only low cost measures taken
0	No explicit policy	No delegation of energy or water management	No awareness of the need to save energy or water	No information system or accounting for consumption	No marketing or promotion	No investment in energy efficiency

8. As can be clearly seen the County Council's approach to energy and water management is unbalanced. As each of the areas highlighted in the matrix are inter-related it is important for the organisation to take a balanced approach otherwise efforts made in one area may be wasted if not supported by another. For example, highlighting areas of high consumption through monitoring does not lead to improvement due to lack of policy guidance and finance.

9. A review of the key plans and policies of the County Council showed that energy and water issues are referred to in several key plans and policies, including:

- Medium Term Corporate Strategy
- Draft Local Area Agreement Priorities
- Environment Strategy
- Leicestershire Community Strategy
- Leicestershire Climate Change Strategy

These references show that the importance of energy and water issues has been recognised but due to a lack of clear policy are not embedded.

Environmental Concerns

10. Energy supply continues to be predominantly fossil fuel based. The Carbon Dioxide (CO₂) emissions from fossil fuel use are the main human contributor to global climate change. The importance of climate change has now become accepted in mainstream politics and it is highly likely that there will be increasingly challenging targets imposed on all local authorities to reduce CO₂ emissions. Whilst a number of initiatives have been taken including the purchase of 'green energy' for street lighting, the County Council does not have a clear 'carbon policy' and this would need to be addressed within any emerging energy policy.

Findings of the Panel

11. The Panel having considered the information provided noted, that whilst there were examples of good practice across the Authority, the absence of a corporate policy and political support in energy and water management has been the main contributor to a lack of progress.
12. Given the predicted rise in the cost of energy and the impact usage has on the environment, the Panel concluded that there was a need for:-

- a) Corporate Energy and Water Policy

The policy should aim to reduce energy and water consumption in Council properties thereby minimising expenditure and reducing environmental pollution. Such a policy should take a long term view and incorporate:

- A percentage reduction in energy and water consumption and CO₂ emissions.
- An Energy Investment Programme which should invest a percentage of energy spend on efficiency measures.
- The use of appropriate annual performance targets and the monitoring of progress.
- An awareness campaign amongst staff of the contribution they could make, particularly through good housekeeping measures.
- An aim to use, where appropriate, renewable forms of energy, for example, wind power/solar energy.

A copy of a draft Strategy is attached to this report (**Appendix A**).

b) Energy Management Team

(i) Role and Location

The Panel believes that in order to obtain the maximum benefit from an Energy and Water Policy it is essential to enhance the current Energy Team to drive forward this agenda. Experience shows that the organisations with the best performance are those who assign responsibility to a specific person/unit.

The Team should be based in the Resources (Property) Department. It would be responsible for providing a full energy management service i.e. co-ordinating the purchase of energy, promoting good practice, monitoring of consumption and targeting, auditing and financing improvements which individual sites could buy into.

(ii) Funding – Revenue and Capital

The Panel noted that Energy Management Units across the Country were funded through a variety of sources ranging from direct funding from the base budget through to trading arrangements or energy levies on service departments. The Panel also noted the advice of the National Audit Office which recommended 1 full-time member of staff employed for every £1 million spend on energy. (The County Council's spend is currently £7 million).

The Panel concluded that to employ 7 staff immediately was unaffordable and has therefore suggested an incremental approach. It therefore proposes the enhancement of the current Team with an additional two members of staff at a cost of approximately £70,000 to be core funded from the potential savings identified. Details of the role of the Team are set out in **Appendix B** to this report.

The Panel noted that much of the work of the Team, in the early stage, would involve identifying areas where energy usage appeared least efficient and providing investments to assist in reducing energy consumption. The Panel is of the view that consideration should be given to creating a corporate energy project fund of approximately £1/2 million. Such a fund would not only 'kick start' the process and demonstrate to service departments the potential benefits of investments in energy efficiency, but would be available to match fund external funding which might be available from organisations such as the Carbon Trust and Energy Saving Trust. The Panel is of the view that this is the best way of

achieving a rolling and self sustaining Invest to Save programme.

(iii) Initial Focus of the Team

The County Council's property portfolio comprises:

A - Properties corporately owned and managed (c 200)

B - School buildings (c 250)

The Property Services Section of the Resources Department has 'direct control' over those properties corporately owned and managed but somewhat limited influence in relation to school buildings. The Panel therefore concluded that, initially, the Team should concentrate its activities on corporately owned and managed property which accounts for £1.4 million of energy spend.

c) Work with Schools

The increased autonomy given to schools in relation to their budgets has done little to help with energy and water maintenance and the Panel recognised the challenge of engaging schools. Staff who run schools are expected to have an unrealistic level of expertise in resource management and building maintenance. The Education Department Audit in 2003 found that 21% of schools could not identify a member of staff with responsibility for energy or monitoring usage. The Team should be asked to assist schools where the greatest potential savings could be achieved. The achievements of these schools could then be communicated to other schools to encourage a more energy efficient approach.

As the report highlights, the greatest savings in money and in carbon dioxide emissions are to be achieved in schools. Whilst the proposed Energy Management Team would go some way to assist schools with good practice and advice the key to achieving any reductions is to provide some up front investment.

The Panel was made aware of significant balances within school budget. The Panel concluded there would be merit in opening a dialogue with schools, through the aegis of the Schools Funding Forum to consider establishing non-earmarked surpluses or other potential capital funding sources to establish an Invest to Save Fund which could also have the potential for leveraging in external funding. It would also be worth emphasising the 'green agenda' in any discussions with schools as this could also present an educational opportunity.

Climate Change

- d) The Panel has noted that the recent White Paper – ‘Strong and Prosperous Communities’ recognises the pivotal role of the local authority in achieving sustainable development and leading action on climate change. The Panel welcomed the decision of the County Council at its meeting on 6 December 2006 to sign up to the Nottingham Declaration on Climate Change. A copy of the declaration is attached at **Appendix C**. Signing the declaration commits the County Council to delivering plans with partners and the local community to address the causes and impacts of climate change according to local priorities.

The work of the Panel and, in particular, the recommendations regarding the Energy Strategy and Energy Management Team provide a basis for making significant reductions on energy use and hence greenhouse gas emissions. The Panel has also noted that within the context of the ‘Cleaner Greener’ block of the Local Area Agreement there is a commitment from the partner agencies to pursue actions on climate change. The Panel commends this joint approach.

Conclusions

13. Throughout the review the key message emerging was that a successful energy management strategy offers not only significant financial savings but will also result in a reduction in carbon emissions. Such a strategy can only be successful if there is a clear vision and strategy, ownership at the highest level of the organisation, cross departmental support and a dedicated Team to drive forward policy and initiate practical solutions.

Financial Implications

14. The three main elements that require additional resources are revenue resources of £70,000 for an enhanced energy management Team and ‘Invest to Save’ capital for schools and capital for non schools premises.
15. The consultants report stated that ‘good house keeping’ measures could result in between a 5% to 20% reduction in energy use. As the non schools energy budget is expected to increase to around £2m the option of running a ‘good house keeping’ campaign over the winter to enable the energy budget to be reduced by 3.5% (£70,000) to fund the two new posts will be investigated.
16. In terms of capital and the need to establish an energy invest to save fund two options will be considered. Firstly, for schools the County Council recently received the opportunity to receive a future allocation of schools capital in 2007/8 a few years earlier than originally planned. These funds could be top sliced to create a schools energy capital invest to save fund. The use of schools balances could also be investigated. For non schools, consideration will be given to creating a fund through

use of revenue reserves that would operate on an invest to save basis. Both these funds could be used to lever in other sources of capital.

Recommendations

17. The Panel therefore:-

- a) commends the attached Corporate Energy and Water Management Strategy for adoption by the County Council;
- b) Suggests, through the Strategy, that a campaign be carried out amongst staff on the contribution they could make, particularly through good housekeeping measures;
- c) requests the Cabinet to support, in principle, the enhancement of the current Energy Management Team and that, subject to suitable funding being identified, two new posts be created to begin delivery of the strategy;
- d) that a capital 'invest to save' fund be established to encourage investment in energy efficiency;
- e) asks the Cabinet and Director of Children and Young People's Service to:
 - (i) suggest to the Schools Funding Forum that it should consider proposals to establish an Invest to Save Fund for Schools; and
 - (ii) raise with schools the need for energy efficiency, highlighting the educational opportunities attached to adopting a green approach;
- f) welcomes the decision by the County Council to sign up to the Nottingham Declaration on Climate Change; and
- g) Requests the County Council to exercise its leadership role to work with statutory and non statutory partners and the local community to reduce carbon emissions, stimulate the market for low carbon technologies and promoting the conservation of water.

Mr. E.D. Snartt
Chairman of the Panel

Equal Opportunities Implications

18. None specifically.

Circulation under the Sensitive Issues Procedure

19. None.

Background Papers

Energy Audit Report for LCC (June 2006) – Richard Holmes of Third Stone Ltd.

Presentation by Mr Alan Allsopp, Principal Energy Management Officer from Nottinghamshire County Council together with the Nottinghamshire Booklet on Sustainable Energy.

Presentation by Mr Iain Munro, Headteacher of Birstall Highcliffe Primary School.

Information provided by the Director of Highways, Transportation and Waste Management on current policies, including procurement of energy, in relation to Street Lighting.