

CABINET – 15 JULY 2014

PROPERTY ENERGY STRATEGY

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

PART A

Purpose of report

1. To present the proposed Property Energy Strategy (2014) which sets out the strategy and recommendations as to how energy is to be procured, planned and managed for the County Council's property resources. The Strategy has been developed through and is contained in the County Council's Property Energy Report (2014) which is appended to this report.

Recommendations

2. The Cabinet is recommended to note the Property Energy Report 2014 as appended to this report and to approve the recommendations set out in Part 4 of the Report as the County Council's Property Energy Strategy.

Reasons for Recommendation

3. The development of a Property Energy Strategy is considered essential in order to better plan and manage the energy and carbon emissions performance of the County Council's property assets, to secure the MTFS annual savings of at least £395,000 on property energy expenditure by 2016/17, and to help achieve the County Council's Environment Strategy target of reducing its CO₂ emissions by 34% by 2020 (from a 2008/09 baseline year).

Timetable for Decisions (including Scrutiny)

4. This report will be considered by the Scrutiny Commission at its meeting on 11 July 2014 and its comments will be reported to the Cabinet.

Policy Framework and Previous Decisions

5. The proposal to develop and implement a Property Energy Strategy was included in the Corporate Asset Management Plan (2013/14) which was approved by Council in December 2013.
6. The approved County Council's Capital Strategy and Medium Term Financial Strategy (2014/15 – 2017/18) make provision for the capital investment and savings requirements relating to improvements in the energy and carbon emissions performance of the County Council's property resources.

Resource Implications

7. The Property Energy Report sets out the financial resources that have been allocated to property related energy improvement initiatives in the Capital Strategy and Medium Term Financial Strategy (MTFS) programmes/budgets for 2014/15 – 2017/18. In summary, the Capital Programme provides a total of £4m spread over the next 4 years. The MTFS requires energy-related savings of £200,000 (2015/16) rising to £400,000 (2016/17).
8. The Property Energy Report also identifies the Human Resources implications to deliver the recommended Property Energy Strategy including the establishment of two dedicated energy management posts across Strategic and Operational Property Services. These posts will be funded by a combination of existing staffing budgets and overachievement of the energy related savings.

Circulation under the Local Issues Alert Procedure

9. None.

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PART B

Background

10. As owner of a sizeable property portfolio, the County Council's gas and electricity costs amounted to £1.64m in 2012/13 with an additional Carbon Reduction Commitment (CRC) cost, a form of taxation on property carbon emissions, of £0.64m. These costs are set to rise at an increasing rate unless active steps are taken now to significantly reduce the organisation's related energy consumption and dependency on national grid supplied gas and electricity. During 2012-13 national electricity prices increased by between 5% - 10% and gas prices between 11%- 24%. Price increases are predicted to continue for the foreseeable future.
11. The County Council's MTFs requires annual savings of £400,000 on property energy expenditure by 2016/17. Furthermore, through its Environment Strategy, the County Council has committed to reducing its CO₂ emissions by 34% by 2020 (from a 2008 baseline year). Active and radical interventions are needed now to meet these objectives. Typically, large organisations (including virtually all Local Authorities) have not previously seen the need for a Property Energy Strategy. However the County Council's Property Energy Report reveals, it is now considered that the County Council must develop and apply a planned strategic approach in order to be able to manage the future levels of energy consumption and costs of its property resources.
12. The recommended Property Energy Strategy has been developed following a detailed review of the current energy and carbon emission performance of the County Council's property portfolio as well as a review of the Council's existing energy policies, procurement and management practices. The results of reviews, together with the findings from wider research into good practice and extensive stakeholder consultation, have helped identify the opportunities for improvement.
13. The review reveals that the County Council is currently in a relatively weak position in terms of either planning or managing the energy performance and energy consumption of its properties. The absence of any property energy policy is reflected across all areas of property related energy management, planning and design practices. Energy consumption and performance has not had a high priority in many property decision-making processes.
14. The review of energy procurement practices reveals that the Council has been almost exclusively dependent upon grid supplied gas and electricity and,

historically, has made no use of the renewable energy supplies that are financially and environmentally more attractive.

15. When reviewing the energy performance of the Council's estate, it is evident that 75% of the total energy costs of the 142 corporate managed properties that fell within the scope of the review are attributable to just 25 properties. More specifically, there are 3 sites that together account for more than 50% of this total energy cost: County Hall, Snibston Discovery Park, and Beaumanor Hall and Park. The County Hall site alone accounts for 39% of the total energy cost and represents the greatest opportunity for focussing effort to reduce and change current energy consumption levels.

Proposals

16. The recommended Property Energy Strategy comprises four key Building Blocks as described in Part 4 of the attached Property Energy Report. These four Building Blocks set out the actions that are needed to provide the organisational structure, the culture, the resources and the practices and procedures for managing effectively both the environmental and financial energy performance of the Council's properties.
17. It is recommended that Property Energy Strategy is delivered in 2 stages:
 - Stage 1 'Transformation' – extending from February 2014 through to October 2014 and dealing with establishing the structure, culture and resources recommended in Building Blocks 1 to 3.
 - Stage 2 'Delivery' – also commences in February 2014 but continues the work of developing and implementing the practices and procedures recommended in Building Block 4 through to August 2017.

Consultations

18. All County Council Service Areas have been consulted during the development of the Property Energy Report. The report has been presented, discussed and approved by the County Council's Asset Management Working Group, the Corporate Property Steering Group, the Environment Strategy Board and the Corporate Management Team.
19. The proposed Property Energy Strategy will be considered by the Scrutiny Commission on 11 July 2014.

20. External consultation has been extensive throughout the course of the review and has included specialist energy suppliers, contractors and procurement bodies, Local Authorities and central government departments/bodies, the Health & Safety Executive, academic bodies, and research institutions.

Conclusion

21. Implementing the recommended Property Energy Strategy would move the County Council from its current weak position with regards to the energy management and performance of its property resources to one of considerable strength and control. Through adopting these recommended measures the Council will be enabled to meet its financial and environmental energy efficiency targets.

Appendix

Property Energy Report 2014

Equal Opportunities Implications

22. An Equality Questionnaire has been completed. There are no negative impacts or consequences arising from the recommended Property Energy Strategy and therefore a full Equality Impact Assessment is not required.

Background Papers

23. Report to the County Council 19th February 2014 "Medium Term Financial Strategy 2014/15 – 2017/18"
<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=3961&Ver=4>

Corporate Asset Management Plan

[http://politics.leics.gov.uk/Published/C00000134/M00003725/AI00035962/\\$Corporateassetmanagementplanappx.pdfA.ps.pdf](http://politics.leics.gov.uk/Published/C00000134/M00003725/AI00035962/$Corporateassetmanagementplanappx.pdfA.ps.pdf)

Environment Strategy 2011-2021

http://www.leics.gov.uk/environment_strategy