

HAMPSHIRE COUNTY COUNCIL**Report**

Committee/Panel:	Buildings, Land and Procurement Panel
Date:	5 January 2016
Title:	Energy Programmes Update Report
Reference:	7140
Report From:	Director of Culture, Communities and Business Services

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1. Executive Summary

- 1.1 The purpose of this paper is to provide an overview of Energy related programmes now completed, currently underway and planned for the future.

2. Introduction

- 2.1 The Executive Member for Policy and Resources has approved the following Energy Programmes as recommended by the Buildings, Land and Procurement Panel:

- Photovoltaic (PV) installations on corporate buildings Phase 1: Now complete.
- PV installations on corporate buildings Phase 2: Due to complete in January 2016.
- Energy Performance Programme (EPP) Phase 1 on corporate buildings: Now complete.
- Energy Performance Programme (EPP) Phase 2 on corporate buildings: Due to complete in Spring 2016. The majority of this Programme is funded by a Salix Loan which requires to be paid back in five years and is interest free.

- 2.2 In addition, the Executive Member Children's Services has approved capital funding of £300,000 included in the 2015-2016 Programme for PV installation on school projects where new buildings and extensions are required for additional pupil places (Basic Need). These are installed following a technical appraisal on a site-by-site basis to maximise the efficiency of the array and ensure best Return On Investment (ROI). There is also an added benefit of the learning and education opportunities that arise for pupils and staff in the schools concerned.

2.3 The Director of Culture, Communities and Business Services is currently also reviewing further PV and EPP Programmes including revisiting business cases and viability studies carried out over recent years in the light of:

- Changes in the Government Subsidies for renewable energies: Recently reduced by 4% from January 2016, with further reductions expected to be announced in the near future.
- On-going market price changes (generally reducing costs) for technologies including PV, LED lighting etc.
- Loans and Grants available that could provide capital to the County Council to invest in renewable and energy technologies (e.g. Salix) without relying on funding from the Capital Programme in times of stretched resources.
- Potential economies of scale by combining programmes of work funded by Partners (including schools and Fire/Police Services) with HCC's own projects.

2.4 It is recommended that the Director of CCBS continues to commit staff resources to develop follow-on programmes to be funded from the Energy Budget allocation in the Policy and Resources Capital Programme. Further investment in programmes of work will:

- Reduce the County Council's energy costs – paying back the initial capital investment through revenue savings over time.
- Make a contribution to the Phase 2 Carbon Management Plan targets (40% by 2025 compared to 2010 levels).
- Develop skills and expertise that can be 'sold' to other public sector organisations generating income which can be used to offset the revenue cost of managing the County Council's assets and built estate.

3. Achievements of the Energy Programmes

3.1 The scale of the programmes undertaken to date are very significant and include:

- 47 PV installations on schools (by the end of 2015/16) with a total area of approximately 3400m², generating 560,000 kWh of electricity and saving £61,000 from school energy bills each year at current prices.
- 20 PV installations on corporate buildings with a total area of 2900m² generating 475,000 kWh of electricity and saving £52,000 from school energy bills.
- Avoided energy costs of £2.7m over the past 5 years.
- Carbon Tax savings of £275,000 in the 2014/15 financial year.
- 30,000 tonnes of carbon saved over the first phase Plan from 2010-2015.

4. PV on County Farm Buildings

- 4.1 The Director of Culture, Communities and Business Services undertook a feasibility study in early 2015 identifying a number of roofs in the County Farm Estate that could have PV installations. Following tendering of the Phase 2 Corporate Buildings Programme, competitive prices were received and there is over £200,000 unspent against the original £1m budget. In consultation with the Executive Member for Income and Capital Receipts the Director of CCBS has made the decision to commit this sum to a first phase of County Farms arrays to the benefit of the farm tenants and the Council's assets. This needs to be done quickly before any further reductions in Feed-In Tariffs (FITs) are implemented by government to maximise the Return On Investment (ROI). It is proposed to negotiate the work with the current supply chain as the most efficient and timely delivery mechanism.

5. Energy Performance Programme Corporate Buildings Phase 3

- 5.1 A programme of works comprising principally LED lighting replacement projects across the corporate estate is being actively developed. This technology has reduced in cost such that payback periods of 5-7 years are now possible. This work could be combined with a landlord programme of ceiling replacements in buildings like corporate offices, libraries and social care properties to reduce energy costs and improve the environment for residents, the public and building users. It is recommended that a programme is progressed to feasibility stage using potential funding sources like Salix Loans and the Policy and Resources Capital Energy Budget.

6. Energy Performance Programme Phase 1 for Schools

- 6.1 A technical and financial proposal is currently being developed for schools in Hampshire. It is intended to report this for a decision to the Schools Forum in the near future. The essence of the proposal is to undertake LED lighting replacement projects across the schools estate using only Salix Loan funds. This will **not** be a call on any County Council funds. The fees for the work by the Director of CCBS will be funded from the Loan funding. The schools would not be required to find the capital investment and would benefit significantly from the energy cost savings and environmental improvements that would result.

7. Carbon Management Plan Phase 2

- 7.1 The Director of CCBS is currently reviewing the successful outcome of Phase 1 of the Plan approved by Cabinet in July 2010. Members will recall that the 20% target over five years was exceeded – 23% reduction was achieved. It is proposed to bring a detailed proposal to a future meeting of this Panel with plans to reduce carbon consumption; save energy costs; invest in technologies based on good rates of return and further technical skills and capacity development in Property Services.

8. Feed-In Tariff (FiT) Subsidies

- 8.1 The Government has indicated that there will be significant reductions in Feed-In Tariffs (FiT) for PV installations. In the mid-November, a 4% reduction across all tariffs was introduced for the 01 January 2016 until the end of March 2016. This is expected to be an interim position with further reductions announced (up to potentially 75%).
- 8.2 The Director of Culture, Communities and Business Services has moved quickly to contract installations in the current Corporate PV Phase 2 to ensure they are completed and registered before the introductions of further reductions.
- 8.3 All business cases will be reviewed once there is clarity on the outcome of the FiTs reduction; the impacts of which will be reported to a future meeting of the Panel.

9. Recommendations

- 9.1 That the successful Energy Programmes to date, as referred to in the report, are noted.
- 9.2 That further development of Energy and Carbon Reductions Programmes by the Director of Culture, Communities and Business Services is supported, including:
 - PV on County Farm buildings.
 - Energy Performance Programme (EPP) Phase 3 on the Corporate Estate.
 - EPP for Schools Phase 1.
 - Carbon Management Plan Phase 2.

The above work to be funded from the Policy & Resources Capital Programme Energy Budget where appropriate.

- 9.3 That a report is brought to a future meeting of the Panel with recommendations for further energy investment programmes.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	yes
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	yes
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	yes
Corporate Improvement plan link number (if appropriate):	

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Direct links to specific legislation or Government Directives		
<u>Title</u>	<u>Date</u>	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

DocumentLocation

None

IMPACT ASSESSMENTS:

1. Equality Duty

- 1.1 The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;

Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;

Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;

Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;

Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

- 1.2 Equalities Impact Assessment:

This report has no impact on those with protected characteristics as it is a report outlining investment in Energy related programmes on buildings.

2. Impact on Crime and Disorder:

- 2.1 This report has no impact on crime and disorder as it is a report outlining the financial position of the Property Services department.

3. Climate Change:

- 3.1 Energy programmes have made substantial reductions to carbon emissions over the past five years which demonstrate leadership from the Council in tackling the impact of climate change.