

ENERGY EFFICIENCY, INVEST TO SAVE FUND FOR COUNCIL NON-SCHOOL BUILDINGS

To: **Commercial and Investment Committee**

Meeting Date: **28th July 2017**

From: **Executive Director - Economy Transport and the Environment**

Electoral division(s): **All**

Forward Plan ref: **2017/039** *Key Decision:* **Yes**

Purpose: **To agree the scope and governance of the £1million Invest to Save Energy Efficiency Fund for the Council's non-schools buildings portfolio.**

Recommendation: **Committee is asked to agree:**

- a) The Investment principles for the Energy Efficiency, Invest to Save Fund, set out in section 2.1.**
- b) That a portion of the savings made from the fund are used to purchase expertise to identify the project pipeline.**
- c) Approval of individual business cases is delegated to the Chief Finance Officer, in consultation with the Chair of Commercial and Investment Committee.**

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1. BACKGROUND

- 1.1 A £1 million (£250,000 a year over four years) invest to save fund for non-school Council buildings started in 2016/17. It was approved as part of the overall Council budget (Full Council 18/02/2016), for investment in energy saving measures such as improvements in heating, lighting and building controls.
- 1.2 The Energy Efficiency Invest to Save Fund was managed via LGSS until October 2016. It subsequently moved into the Energy Investment Unit in Growth and Economy, in January 2017. The key priority was to establish the governance arrangements for the fund.
- 1.3 The type of projects delivered during 2016/17 included LED lighting upgrades in Signet Court and the underground car park at Shire Hall; the replacement of emergency lighting at Shire Hall and an overhaul of the heating systems at St Ives library. These measures have reduced energy consumption, and are forecast to reduce bills by almost £250k over their 10 year lifetime. Additional benefits would also include reduced maintenance costs, and improved comfort for building users.
- 1.4 The work resulting from the Invest to Save Fund utilises existing procurement routes in place in the Council. For example, the Council has a framework contract in place for minor works or there is the potential for some projects to be carried out through the Council's existing maintenance contract.

2. MAIN ISSUES

2.1 Investment Principles.

Based on the experience of operating the fund to date it is proposed that the following are principles are formally adopted:

- The scope of the fund will cover County Council retained buildings (non-school portfolio). This includes all directly owned and operated premises. For example, offices, libraries, care homes, community centres, and highways depots;
- The overall fund will deliver an average payback in ten years or less, including borrowing costs. This allows some flexibility at a project level to balance projects that deliver a quick payback with others that pay back over a slightly longer period. See **appendix A** for the proposed business case template; and
- Maintenance savings will be included as part of the business case; and
- Energy saving schemes with strong CO2 reductions will be prioritised.

2.2 Developing a pipeline of projects for investment.

Developing a pipeline of projects is a challenge. The key reasons include (i) a lack of in-house technical buildings expertise (ii) the absence of a medium to long term asset strategy and (iii) the absence of an up to date information system containing details of energy measures already in place. A pipeline of projects has been started through analysing existing documentation and relevant information on County Council buildings, including stock condition surveys (update in progress), building audit reports and outline business cases from energy performance contracting. There may, however, be a need to bring in some additional expertise to scope key projects for investment that would benefit the authority. It is proposed that a portion of the savings made from the fund investments, (a maximum of £30,000), are used to undertake this work.

2.3 Governance of the fund and streamlining the decision making process.

The projects that will be funded are likely to be in the region of £20-£80K with a maximum project cost of £250k. It is proposed that approval of individual business cases be delegated to the Chief Finance Officer in consultation with the Chair of Commercial and Investment Committee. In addition, it is proposed that Strategic Property Assets Board oversee the Invest to Save Fund and the risks associated with the investments. (See **Appendix B: Invest to save Fund, Risk Register**).

2.4 Annual progress updates will be reported to Commercial and Investment Committee.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 **Developing the local economy for the benefit of all**

The implementation of retrofit energy improvement measures will help to make our buildings more efficient and deliver CO₂ reductions, whilst minimising operational costs and providing greater resilience to future price volatility.

3.2 **Helping people live healthy and independent lives**

The Energy Efficiency Fund has no significant impact on this objective except as a broader contribution to air quality improvements and climate change.

3.3 **Supporting and protecting vulnerable people**

No significant impact.

4. SIGNIFICANT IMPLICATIONS

4.1 **Resource Implications**

The resource implications are contained within the main body of the report.

4.2 **Statutory, Risk and Legal Implications**

There is a risk that investments don't make the predicted savings, but if investment decisions are made on robust business cases this can be managed.

4.3 Equality and Diversity Implications

There are no significant implications within this category.

4.4 Engagement and Consultation

Relevant Council services will be consulted on the potential measures and construction impacts.

4.5 Localism and Local Member Involvement

There are no significant implications within this category.

4.6 Public Health

There are no significant implications within this category.

Source Documents	Location
Cambridgeshire County Council Business Plan 2016 to 2021	https://ccc-live.storage.googleapis.com/upload/www.cambridgeshire.gov.uk/council/finance-and-budget/Section_3C_CST_Finance_Tables.pdf?inline=true

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Name of Financial Officer: Sarah Heywood
Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?	Yes Name of Legal Officer: Fiona McMillan
Are there any Equality and Diversity implications?	No Name of Officer: Tamar Oviatt-Ham
Have any engagement and communication implications been cleared by Communications?	Yes Name of Officer: Sarah Silk and Eleanor Bell
Are there any Localism and Local Member involvement issues?	No Name of Officer: Tamar Oviatt-Ham
Have any Public Health implications been cleared by Public Health	Yes Name of Officer: Iain Green

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