

**HUNTINGDONSHIRE DISTRICT COUNCIL**

**Title/Subject Matter:** ENERGY MANAGEMENT UPDATE

**Meeting/Date:** CMT – 3<sup>rd</sup> November 2014

O&S – Environmental Wellbeing 9<sup>th</sup> December 2014

**Executive Portfolio:** ENVIRONMENT

**Report by:** ENVIRONMENT TEAM LEADER

**Ward(s) affected:** All

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**Executive Summary:**

Improving energy efficiency is a key strategic objective for the Council. Making the buildings within our estate as efficient as possible and considering opportunities to generate income through the use of energy saving technologies, can play an important role in the Councils overall cost reduction strategy.

This report gives details of the energy and cost savings that have been made through the Council's Carbon Management Plan in 2009/14. The Plan has facilitated the adoption of a rigorous approach to energy management by the Council and in 2013/14 alone projects to the value of £183,000 were implemented, saving the council an estimated £55,000 per annum.

Whilst a number of significant projects have been implemented there is considerable scope to undertake further work and the challenge is to build upon the success to date and introduce a framework that will deliver further energy and cost reductions.

This report presents plans to streamline and enhance our approach to energy management and to access the RE:FIT procurement framework to assist with the identification and procurement of future projects.

**Recommendation(s):**

- That the contribution of the Carbon Management Plan 2009/14 is recognised in assisting the Council to reduce its energy use and carbon emissions from its buildings and fleet.
- That Members note plans to enter into a partnership with the County Council, Greater London Authority and Local Partnerships to access the RE:FIT programme, allowing the Council to;
  - Commission free desk top energy assessments of the Council's 9 main sites.
  - Explore commissioning Investment Grade Proposals, where a business case for energy reduction is identified by the desk top assessment.

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## 1. WHAT IS THIS REPORT ABOUT/PURPOSE?

- 1.1 This report summarises the success of the Council's Carbon Management Plan 2009/14 in improving the energy efficiency of the Council's buildings and fleet and gives details of the benefits to the council of accessing the RE:FIT energy efficiency framework to assist with the identification and implementation of further energy saving measures.
- 1.2 The report outlines plans for the Council to access the RE:FIT framework to scope possible projects, identify business cases and where appropriate, implement energy efficiency improvements at its 9 main operational sites as listed below:

Eastfield House	One Leisure St Ives (Indoor)
Pathfinder House	One Leisure St Ives (Outdoor)
One Leisure Huntingdon (Dry side)	One Leisure Ramsey
One Leisure Huntingdon (Wet side)	One Leisure Sawtry
One Leisure St Neots	

## 2. WHY IS THIS REPORT NECESSARY/BACKGROUND

- 2.1 Progress in delivering energy efficiency and cost savings through the Council's Carbon Management Plan (2009/14) has been significant. Analysis of the Council's energy use from billing data shows, that during the lifespan of the plan the Council reduced its carbon emissions by 17.4% and its' overall energy consumption by 10%.
- 2.2 In 2013/14 alone, projects to the value of £183,000 were implemented delivering an estimated £55,000 of savings per annum. All projects undertaken are assessed using the Salix Energy Efficiency compliance tool, which requires a project payback of less than five years.
- 2.3 Despite the work already undertaken, in 2013/14 HDC spent over £670,000 on electricity and gas at its 9 main sites. The Council's Environment Team has been tasked with assessing all viable opportunities to further increase the energy efficiency of the Council's Estate and make additional costs savings.
- 2.4 Projects to install LED lighting, improve air handling, to utilise combined heat and power (CHP) and solar photovoltaic panels have all been shown to have considerable potential (with payback of between 3 – 5 years in many cases). However, the work that is necessary to take individual projects forward, from initial scoping, specification and the preparation of tender documentation, is time consuming and slows down the implementation and realisation of potential savings.
- 2.5 The Council is a partner in the Mobilising Local Energy Investment (MLEI) initiative. The main objectives of the MLEI project are to:
- Set up a financial mechanism or fund that allows the alignment of private and public sector investment into low carbon energy infrastructure.
  - Set up appropriate delivery mechanism(s) to deliver low carbon infrastructure projects
  - Bring forward energy infrastructure projects on public sector assets to the value of at least £15 million by August 2015

- 2.6 As part of the MLEI scheme Cambridgeshire County Council (CCC) has recently procured a framework contract which public sector bodies in Cambridgeshire can access, to identify opportunities for installing energy efficient plant and equipment into their buildings, manage the installation process and provide a guaranteed return on investment through an Energy Performance Contract (EPC).

### **3. THE RE:FIT ENERGY EFFICIENCY FRAMEWORK**

- 3.1 The RE:FIT programme was originally developed by the Greater London Authority (GLA). It now operates nationwide and in August 2014, Cambridgeshire County Council undertook a competitive mini-competition exercise and appointed an Energy Service Company (ESCO), Bouygues, to operate a framework contract for public sector organisations in Cambridgeshire to undertake:

- Free of charge desk top assessments to assess energy efficiency potential
- Site by site Investment Grade Proposals (IGPs) – (See Section 4 below)
- Full site retrofit – with energy savings guaranteed

- 3.2 The RE:FIT framework is available to the Council with the clear benefit of working co-operatively with a major infrastructure provider, with all public sector procurement requirements already satisfied. Huntingdonshire District Council is a named party in the tender and the Council's Procurement Officer has confirmed the Council is free to enter into an access agreement to use the framework.

- 3.3 A whole site approach is taken both to the assessment of energy saving technologies through to final installation. As a result the timescale for installation is considerably shorter than if the Council were to identify suitable measures and install them on a project by project basis.

- 3.4 In addition to resource savings from decreasing the lead time to assess potential projects, tender the work and implement projects, the RE:FIT framework guarantees a return on investment with typical savings in energy usage of over 20% per annum. These savings are contractually guaranteed by the Energy Service Company and measured in accordance with the 'International Performance Management and Verification Protocol', which requires agreed baselines and the preparation of a transparent plan for evaluating the performance of all measures installed.

- 3.5 At a meeting on 3<sup>rd</sup> November 2014 Chief Officer Management Team (CMT) approved a proposal to access the RE:FIT Framework and to undertake free desk top assessments at the Councils 9 main sites. Since this meeting work has been ongoing to put in place the necessary arrangements to take advantage of the framework.

- 3.6 Access agreements with the County Council, GLA and Local Partnerships are currently being considered by HDCs legal section and the Council is in preliminary discussions with Bouygues who manage the framework within Cambridgeshire to schedule desk top assessments and ensure that initial business cases are prepared in early 2015.

## **4. RESOURCE IMPLICATIONS**

- 4.1 A diagram illustrating how the RE:FIT programme works can be found at Appendix A.
- 4.2 As a partner in the scheme, the first stage is for a desk top assessment of the potential energy saving measures to be carried out. This will take into account work already undertaken at a particular site and make an assessment of energy saving potential still to be realised.
- 4.3 If the desk top assessment identifies potential for the installation of further energy saving measures, the next stage is for the provider partner to prepare a detailed Investment Grade Proposal outlining the cost of all potential projects and the guaranteed savings that will result.
- 4.4 There is no fee for the preparation of the initial desk top energy assessments and if the Council chooses to walk away at this stage it can do so without liability.
- 4.5 There is fee of circa £1,000 - £4,000 per site (depending on size) for the preparation of a full Investment Grade Proposal with guaranteed savings. This is only payable if the council decides not to take a proposal forward. There is currently revenue allocation of £15,000 for energy improvement works and it is anticipated that any fees would be paid from this existing budget.
- 4.6 If the council wishes to progress to installation then upfront capital investment is required. There is a capital allocation of £95,000 for the current financial year and a further £55,000 per annum in the council's medium term plan until 2017/18 to fund energy efficiency improvements at the council's main sites. This allocation may not be sufficient to fund all future proposed works, but any projects identified will stand in their own right as invest to save opportunities, which can be financed through direct capital investment or through a Salix zero interest energy efficiency loan.

## **5. REASONS FOR THE RECOMMENDED DECISIONS**

- 5.1 There are significant advantages to the council from becoming a partner in the RE:FIT programme.
- It is an opportunity to make further substantial energy savings at council buildings – typical savings of over 20% per annum in energy usage.
  - A guaranteed return on investment – the savings are contractually guaranteed by the Energy Services Company
  - Projects identified have low payback periods – typically 3 – 7 years
  - A mini-tender exercise has been undertaken by Cambridgeshire County Council to select a delivery partner. As a partner in the MLEI scheme, Huntingdonshire District Council was named in the tender and the Council's Procurement Officer has confirmed the Council is free to enter into an access agreement for the contract and that all public sector tendering requirements have been satisfied.
  - Using the framework will streamline the procurement of energy saving projects considerably. A simplified commissioning role will free resources and allow additional resilience to be built into the structure of Operations Division, to undertake projects identified in Facing the Future, without compromising service delivery.

## **BACKGROUND PAPERS**

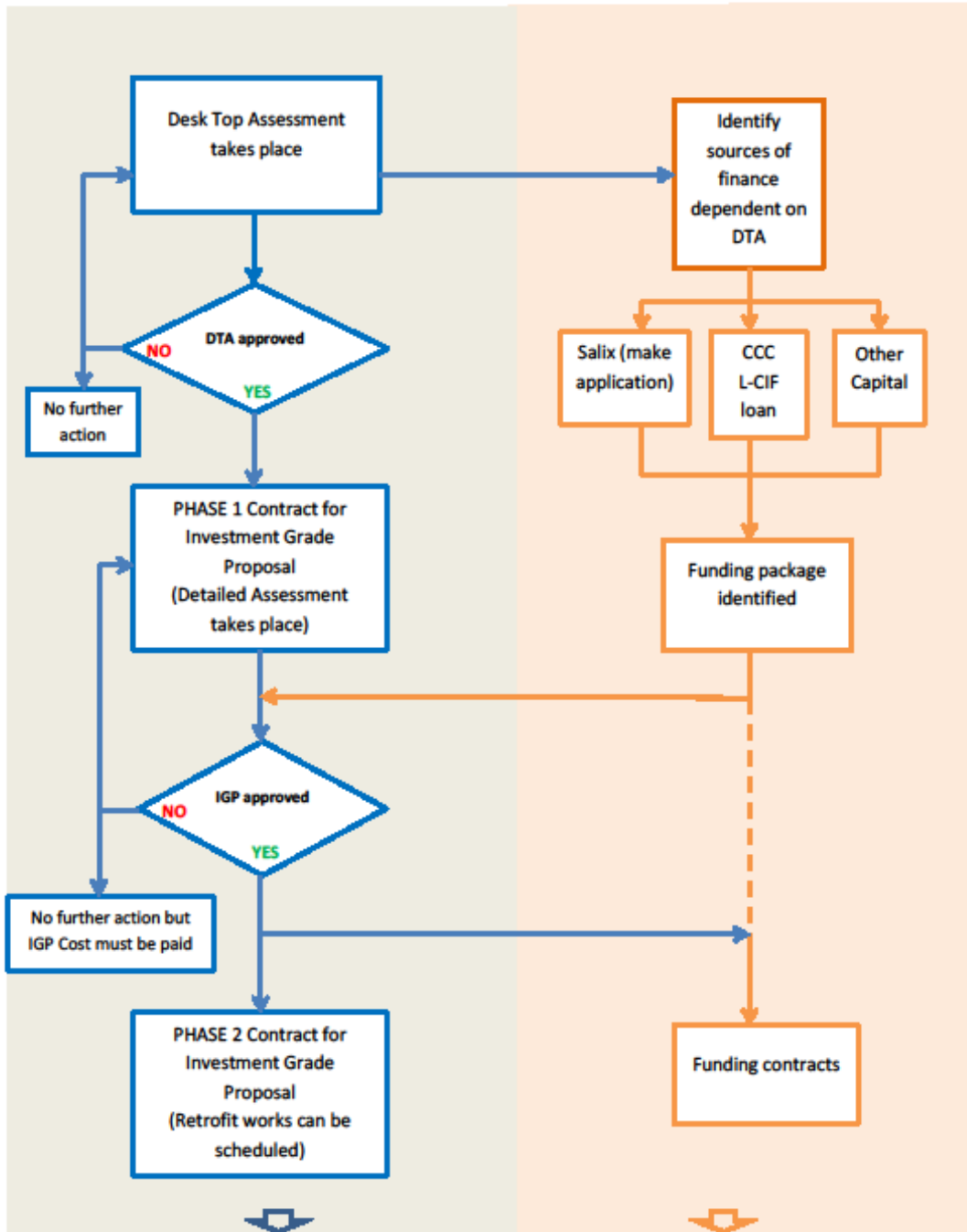
Cambridgeshire Energy Performance Contracting Project – Invitation to Tender  
A Guide to Using the RE:FIT Framework – Starter Pack

## **CONTACT OFFICER**

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**DECISION MAKING PROCESS CHART:  
FOR ALL SITES PROCEEDING WITH ENPC**

July 2014



**PROCEED WITH RETROFIT WORKS**