



**Committee: Corporate
Policy & Resources
Communities**

Date 21st September 2017

Subject: Carbon Efficiency Project

Report by:

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Purpose / Summary:

To update Members with regard to progress on carbon efficiency projects and request the appropriate funding be set aside.

RECOMMENDATION(S):

- 1) Members agree to the proposal and that the Capital Budget for this programme be increased to £270,000 with funding from the £127,000 Carbon Reduction Earmarked Reserve already created and the balance of £143,000 to be sourced from prudential borrowing.**

IMPLICATIONS

Legal:

None arising from this report

Financial : FIN/70/2018

The Carbon Management Plan 2016/17 proposed a £100,500 capital investment and a revenue budget of £29,500 to deliver projects estimated to save the Council £7,815 per annum in energy costs.

This revised programme of works will require an approval to increase the capital budget to £270,000, to generate £6,600 p.a, increasing to £35,860 p.a. once the borrowing has been repaid over the initial 5 years.

This investment will be funded from the Carbon Reduction Earmarked Reserve of £127,000, leaving a balance of £0 and £143,000 from prudential borrowing.

Future carbon reduction initiatives will be funded from the Facilities Maintenance Reserve.

This proposal provides a better financial outcome for the Council over the longer term.

Staffing :

There are appropriate resources in place in order to deliver the project.

Equality and Diversity including Human Rights :

None arising from this report.

Risk Assessment :

A full risk assessment has been produced for the project. Identified risks are being proactively managed by the Senior Project Officer and project team.

Climate Related Risks and Opportunities :

The project contains various energy saving initiatives which will save the Council approximately 116,000 kg CO2 per year.

Title and Location of any Background Papers used in the preparation of this report:

None.

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

No

1 Background

- 1.1 The Council's 2010 to 2015 Carbon Management Plan originally set a target to reduce the Council's carbon emissions by 35%. By 2016 an 18% reduction had been achieved.
- 1.2 In July 2016 Corporate Policy and Resources Committee approved the current Carbon Management Plan which covers 2016 to 2021 and sets out a number of projects which will go some way to achieve the remaining 17% target. As part of the report considered Committee also agreed an earmarked reserve of £127,000 be set aside to support the projects therein.
- 1.3 Officers have continued to identify projects that will both reduce carbon emissions and be financially beneficial to the Council.

2 Update on Carbon Projects

- 2.1 After the previous Energy Officer left in April this year, the Council looked at ways to achieve energy and financial savings on a project basis. Officers therefore commissioned energy surveys on three Council buildings to assess their energy efficiency view a view to identifying energy efficiency works. The buildings surveyed were:

The Guildhall offices
Trinity Arts Centre
The Depot.

- 2.2 From the surveys undertaken a range of energy saving works have been identified which will also provide financial savings for the Council. These are listed below with indicative costs, carbon savings and financial savings:

Project	Installation Costs	Annual energy savings (kWh/y)	Carbon savings (kgCO2/y)	Cost savings (£/y)
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TAC lighting replacement	£18,000	20,125	9,042	£2,415
TAC water heater timers	£300	547	246	£68
Depot lighting replacement	£2,000	3,120	1,400	£390
Guildhall lighting replacement	£40,000	57,330	25,759	£7,166
LED street lighting replacement	£210,000	206,565	79,400	£25,821
TOTAL	£270,300	287,687	115,847	£35,860

2.3 Officers have looked at various funding options, including the option of applying for an interest free loan from Salix. Under the terms of the loan the Council would have to pay the initial sum back through the energy savings generated. Therefore, although carbon savings would be made from the start of the project, financial savings would not be realised until after the five year payback period.

2.4 Officers have worked with finance colleagues and have concluded that it would be more advantageous for the Council to fund the improvement works from the £127,000 earmarked reserve and the balance of £143,000 to come from prudential borrowing. This would achieve the same carbon savings but in addition would achieve £6.6k of savings per year for the first five years and then ongoing savings of £35.9k per year thereafter.

2.5 In addition to this there will be savings in terms of ongoing maintenance and bulb replacement.

3 Recommendation

3.1 It is hereby **RECOMMENDED** that Members:

Agree to the proposal to fund these works from the £127,000 earmarked reserve already created and the balance of £143,000 to be sourced from prudential borrowing.