

Bath & North East Somerset Council

MEETING	Cabinet	
MEETING:	4th December 2013	EXECUTIVE FORWARD PLAN REFERENCE:
		E 2602
TITLE:	Carbon Reduction in Schools – Invest to Save Loan Fund	
WARD:	All	
AN OPEN PUBLIC ITEM		

1 THE ISSUE

- 1.1 Following energy surveys of all schools, to seek approval for the operation of the Invest to Save Loan fund to assist schools in undertaking energy efficiency projects identified in the surveys.

2 RECOMMENDATION

Cabinet is requested to:

- 2.1 Note the progress made in completing energy surveys of all schools as the latest stage of the Schools Carbon Reduction Programme.
- 2.2 Approve for inclusion in the Children's Service Capital Programme 2013/14 capital allocations of £500,000 for the Invest to Save Loan Fund and £290,000 for the Schools Carbon Reduction Grant to assist schools in undertaking energy efficiency measures.
- 2.3 Delegate to the Strategic Director, People and Communities the approval of loan funding following an assessment of the individual business plans submitted by schools

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 3.1 The 2013/14 Children's Service capital programme included provisional approval of £500k to provide a loan fund to assist schools to undertake energy efficiency measures on an invest to save basis. The principle is that savings on energy costs will be sufficient to meet repayments for the period of the loan therefore being cost neutral to the school. Once the loan is repaid the school will continue to receive the benefit of lower energy costs in a market where energy costs are projected to rise significantly.
- 3.2 In addition to the loan fund, Schools Forum has approved £290k capital grant funding from the Direct Schools Grant(DSG) budget which can be used to meet some of costs of the energy efficiency projects, reducing the amount that schools have to finance either through loans and/or their own funds. This will have the benefit of enabling schools to fund measures they cannot afford from their own resources, reduce the amount a school may have to borrow thus shortening the payback period allowing schools to benefit more quickly from reduced energy use and costs.
- 3.3 In total 71 of 78 schools including academies have been surveyed, academies will not be eligible for an invest to save loan as they are outside the control of the Council. Academies will however be able to apply for a capital grant as this is funded from the DSG which funds all schools. Academies can however apply for a loan from the Government financed Salix fund which offers interest free loans for energy efficiency measures.
- 3.4 The loan and grant funds will be administered by the Schools Strategic Finance Team who together with the Schools Sustainability Project Officer will assess the business case supporting each application to ensure the financial basis of proposals are sound. Applications will need to demonstrate that external funding sources have been explored and where available are in place. Recommendations for grant and loan funding will be made to the Strategic Director, People and Communities. All costs of administering the assessment of applications, evaluation of business plans, liaison with schools and overseeing the central procurement process will be met from the Direct Schools Grant.
- 3.5 Actual spend of the loan and grant funding will be determined by the expressions of interest from schools but it is hoped that some works will be undertaken in early 2014 with the remainder completed in 2014/15.

4 CORPORATE OBJECTIVES

- 4.1 **Sustainability** – The Council's Sustainable Community Strategy contains the ambition to lead Bath and North East Somerset to an environmentally sustainable, low carbon and climate resilient future. In addition the Council's Carbon Management Plan (CMP) sets out the aim to reduce carbon emissions by 30% by 2013/14. Schools form the largest section of the Council's carbon footprint. This project to reduce schools energy use will contribute to both of those objectives.

5 THE REPORT

- 5.1 Following the establishment of the Council's carbon reduction target carbon emissions have in fact increased by 9% against the baseline year of 2007/08. This is mainly due to schools' energy consumption increasing. In 2012-13 schools collectively spent £2.2m on energy costs and emitted 11,070 tonnes of

CO2. This is an increase from £1.6m and 9,591 tonnes in 2011-12. Assisting schools in reducing energy use is therefore key.

5.2 The completion of energy surveys for schools is the latest stage of the Schools Carbon Reduction Programme which has included:

- support and training to use energy data
- energy performance analysis
- support with involving pupils in energy savings campaigns
- grants for energy efficient lighting and insulation
- automatic meter reading(AMR)

5.3 Together with the Schools Forum we are keen to remove all potential barriers for schools in reducing carbon emissions. Discussions with schools identified a need for accurate information, access to funding and project management help as significant requirements to tackling energy use.

5.4 The energy surveys carried out by a specialist contractor in energy efficiency, have provided comprehensive and detailed information for each school/academy of actual energy use and costs together with recommendations of carbon reduction measures, estimated costs of investment required, energy savings and cost savings achieved and the payback period.

5.5 Where measures identified have a payback of 5 years or less schools will be expected to undertake these from their own funding or with assistance from the normal loan fund available to schools but will not normally be able to apply for an invest to save loan or carbon reduction grant as these funds will be targeted at measures where more substantial investment is needed.

5.6 The three most common measures identified in the surveys which would make a significant impact are:

Heating, ventilation and air-conditioning controls, either new-controls or re-commissioned controls

Fabric measures including cavity wall and ceiling insulation

Lighting up-grades

Following the provision of information explaining options for financing the projects listed in their energy survey, schools will be asked to complete an expression of interest setting out which measures they wish to undertake and funding support required through grant and /or loan.

5.7 Schools will be free to manage projects but the scope for a central procurement process to undertake the common measures listed above across a number of schools is being investigated as this has the potential to achieve economies of scale, remove the administrative burden from schools of researching contractors and seeking quotes for works and enable greater control of costs and project delivery.

5.8 Procurement will be in line with the 'Think Local' strategy recently adopted by Council. The initiative to reduce carbon reduction in schools is consistent with principles set out in that strategy offering sustainable solutions to meet local needs and providing opportunities for local suppliers.

5.9 Loans or grant will not be offered for renewable generation projects such as Solar PV as it is cheaper and more effective to first save energy before then generating the remaining energy required through renewable sources. Schools

will of course be free to invest in such measures if they have the necessary funding but they will be encouraged to prioritise investment on energy reduction.

5.10 Although project costs are only estimates at this stage, analysis shows that measures identified in the surveys which qualify for a loan and/or grant across all schools including academies would achieve savings on fuel costs of £127,000 and 716 tonnes of CO2 annually with an estimated payback in 4.16 years

5.11 The completion of the energy surveys for all schools providing accurate information on energy saving measures and potential costs and fuel savings, has removed a major barrier to efficient energy management for head teachers and governors.

6 RATIONALE

6.1 The availability of the invest to save loan fund and carbon reduction grant will enable schools to undertake energy efficiency measures reducing energy use and costs but also contributing to the Council's carbon reduction target.

7 OTHER OPTIONS CONSIDERED

7.1 None

8 CONSULTATION

8.1 Cabinet Member; Section 151 Officer; Strategic Director; Monitoring Officer

8.2 Consultation has been undertaken with the Schools Forum who are part funding this initiative. The Schools Sustainability Project Officer has also provided briefings for head teachers, governors and schools finance officers on the outcome of the energy surveys and the potential to access invest to save loan and grant funding.

9 RISK MANAGEMENT

9.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

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Background papers	<i>List here any background papers not included with this report because they are already in the public domain, and where/how they are available for inspection.</i>
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