

REPORT TO: POLICY AND RESOURCES COMMITTEE ON 30 AUGUST 2016

SUBJECT: ANNUAL REPORT ON ENERGY STRATEGY/ACTIONS

BY: CORPORATE DIRECTOR (ECONOMIC DEVELOPMENT, PLANNING AND INFRASTRUCTURE)

1. REASON FOR REPORT

1.1 This report presents the Annual Energy Report for 2015/16 and advises Committee on actions to minimise the Council's energy consumption, as well as progress and developments on a number of energy issues.

1.2 This report is submitted to Committee in terms of Section III (A) (35) of the Council's Scheme of Administration relating to ensuring that the organisation, administrative and management processes of the Council are designed to make the most effective contribution to achieving the Council's objectives.

2. RECOMMENDATION

2.1 It is recommended that Committee:-

- i) considers and notes the terms of the 2015/16 Annual Report;**
- ii) notes the Council's energy bill decreased by £106,000 (3.9%) in 2015/16; and**
- iii) notes that although the Council's energy consumption in non-domestic operational properties increased by 1.7%, weather adjusted heating consumption fell by 15.5%.**

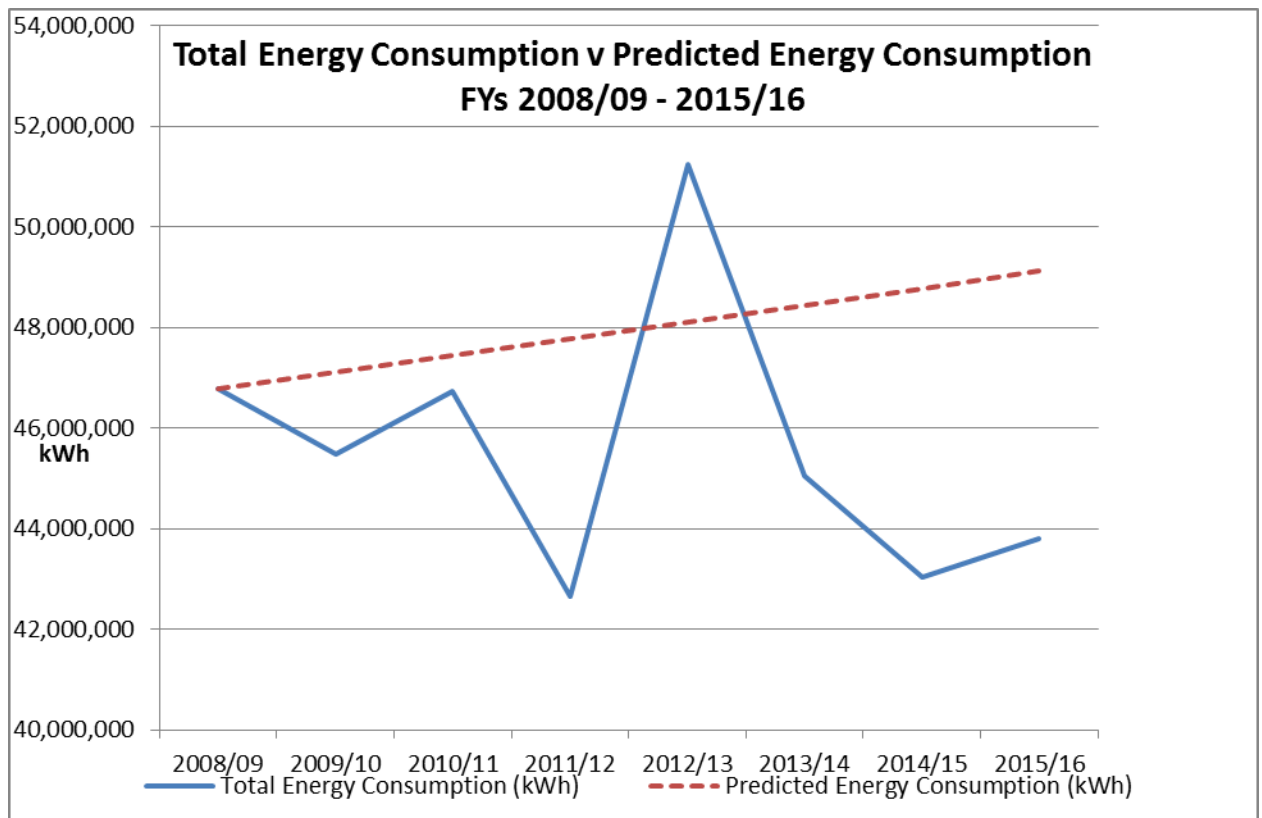
3. BACKGROUND

3.1 Reducing energy consumption in the Council's non-domestic operational properties by 2% per annum is the main objective of the Council's Energy Policy and the Council's Carbon Management Programme. The 10th Annual Energy Report, which relates to 2015/16, is attached to this report as **APPENDIX I**, with the main issues summarised below.

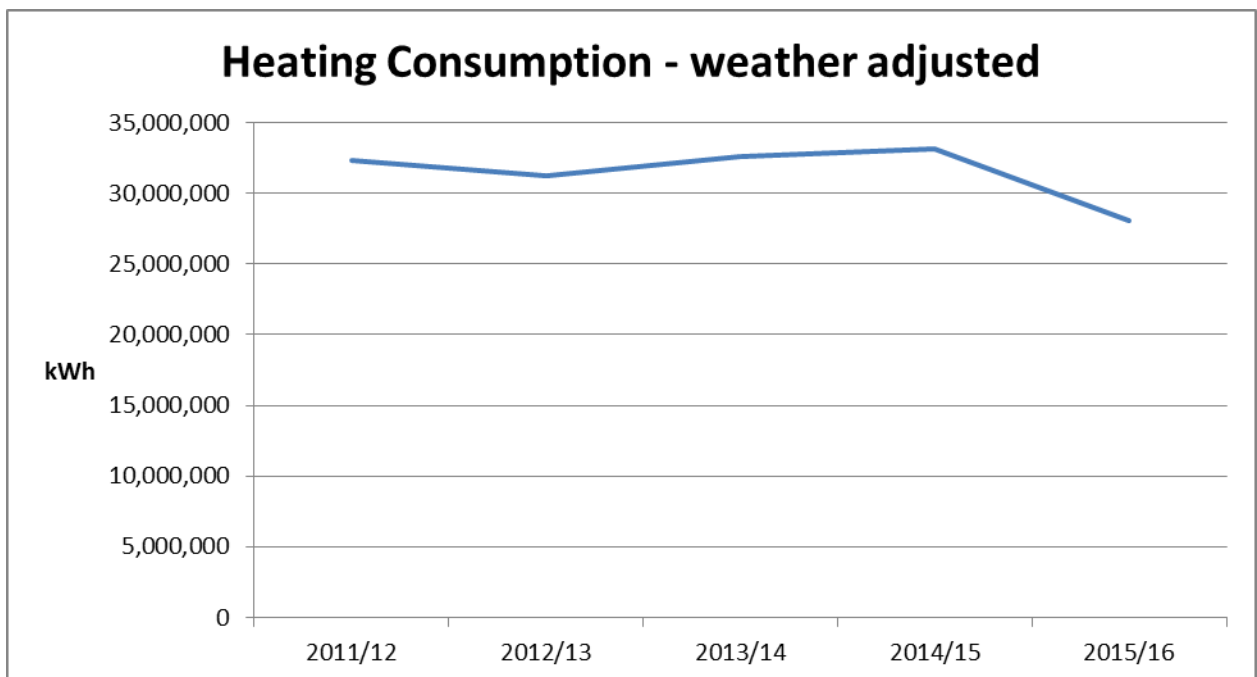
4. **PERFORMANCE**

Energy Consumption

- 4.1 The Council's energy consumption (excluding street lighting) for 2015/16 was 43,801,134 kWh compared with consumption of 43,042,505kWh for 2014/15. This is a 1.7% increase on the previous years' consumption, compared to the target of an annual 2% reduction as set out in the Council's Energy Policy and Strategy.
- 4.2 The graph below shows the Council's total energy consumption for the last 8 years, compared to predicted increases based on Department of Energy and Climate Change advice.



- 4.3 Fluctuations in weather have a large impact on energy consumption and it is common industry practise to use "Degree Days" data to take account of weather conditions – the leading industry source for this data is Vilnius Vesma. The graph below shows the Council's weather adjusted (Degree Days) heating consumption for the last 5 years. The weather in 2015/16 was significantly colder than in 2014/15.



4.4 Heating accounts for 69% of the Council's energy consumption and the graph above shows a weather adjusted decrease in heating consumption of 15.5% since 2014/15. Contributory factors are believed to include the following:-

- Implementation of the Corporate Heating Strategy
- Energy saving projects
- School upgrading works
- Staff energy awareness campaigns, including monthly articles in the Connect magazine
- Energy Champions

Energy Costs

4.5 In 2015/16 the Councils' energy bill for properties totalled £2,584,299 – a decrease of £105,822 (3.9%) compared to 2014/15. Utility contracts, negotiated by Scottish Procurement, include in-year purchasing for electricity and gas. During 2015/16 commodity market prices fell, resulting in a reduction of costs compared to the previous year and predicted budget forecasts.

5. ENERGY SAVING MEASURES

5.1 Carbon Reduction Commitment Energy Efficiency Scheme (CRC)

The main charge in 2015/16 was £15.60 per tonne of CO₂, which has increased to £16.10 per tonne in 2016/17.

5.2 The CRC scheme is to be abolished from April 2019 and the Climate Change Levy will increase from 1 April 2019 to cover the cost of the CRC abolition.

Energy Policy and Strategy

5.3 The Council's Energy Policy and Strategy will be reviewed by the Council's new Energy Officer and the current document is set out in **APPENDIX II**.

Heating Policy

- 5.4 A Corporate Heating Policy containing guidelines on the use and responsibilities for heating at Council buildings was agreed by this Committee at its meeting on 9 September 2014 (para 4 of the Minute refers). The Energy Team has been actively monitoring heating use and consumption and investigating any inconsistencies and discrepancies with the Heating Policy. The policy has been generally adopted and as highlighted in para. 4.4 above, it is considered that its introduction has already attributed to reductions in energy consumption.

5.5 Building Energy Management System (BEMS)

In 2015/16 the Energy Team initiated a project to connect stand-alone BEMS to a corporate network. Connectivity issues have now been resolved and all 25 of the Council's BEMS are connected to the Energy Team in HQ. This allows the Energy Team to regularly monitor temperatures in buildings, identify anomalies early and adjust heating settings accordingly.

5.6 Energy Awareness

Various energy awareness briefings and training sessions were carried out in 2015/16, including presentations at staff inductions, school assemblies/eco groups and team meetings, as well as open sessions at HQ and the Annexe. These reached 846 council staff and pupils. Other initiatives have included monthly articles in the staff Connect magazine, posters and the appointment of Energy Champions. More such measures are scheduled for 2016/17.

Energy Audits

- 5.7 In 2015/16 the Energy Team carried out audits at 8 properties, including 6 Primary Schools. This has resulted in a number of energy saving measures being implemented and potential energy saving projects being identified. Currently audits are scheduled to be undertaken at 6 Primary Schools in 2016-17.

Projects

- 5.8 Projects carried out in 2015/16 are set out in **APPENDIX III**.

- 5.9 The new Energy Officer and staff in Design Services are currently undertaking a comprehensive review of potential future Council energy saving projects taking account of new and emerging technologies and government schemes/initiatives.

6. SUMMARY OF IMPLICATIONS

(a) **Moray 2026: A Plan for the Future and Moray Corporate Plan 2015 - 2017**

This report includes details of measures being taken to help to achieve the energy efficiency objectives of the Community Planning Partnership's Moray 2026 "A Plan for the Future".

(b) Policy and Legal

The Council's energy and carbon actions are consistent with a number of national and Scottish Government initiatives including Scotland's Climate Change Programme, the Climate Change (Scotland) Act 2009, the Local Authority Carbon Management Programme, the Carbon Reduction Commitment Energy Efficiency Scheme, achieving sustainable development through Best Value and the Local Government Act 2003.

(c) Financial/Risks Implications

In 2015/16 the Councils' energy bill for non-domestic properties was £2,584,299 – a decrease of £105,822 (3.9%) compared to 2014-15.

The above figures do not include CRC costs (for emissions) which decreased from £239,133 in 2014-15 to £234,000 in 2015/16.

The unit charge was £15.60 per tonne CO₂ in 2015/16, but has increased to £16.10 per tonne CO₂ in 2016/17. Further rises are scheduled until the scheme ends on 31 March 2019.

£15,000 has been allocated in the Council's 2015/16 capital plan specifically for energy saving projects.

(d) Staffing Implications

The previous Energy Officer retired on 31 March 2016 and the new Energy Officer started with the Council on 1 August 2016. He brings a wealth of experience from both public and private sector bodies.

(e) Property

The property implications are as set out in this report.

(f) Equalities

There are no equalities implications.

(g) Consultations

The Head of Housing and Property, the Head of Financial Services, the Head of Development Services, the Design Manager, the Legal Services Manager (Property and Contracts), the Equal Opportunities Officer and Lissa Rowan, Committee Services Officer have been consulted and any comments incorporated in this report as appropriate.

7. CONCLUSION

7.1 Although the Council's energy consumption rose marginally in 2015/16, the weather adjusted heating consumption fell by 15.5% and energy costs by 3.9% (£105,822).

7.2 There is still potential for further significant reductions in energy consumption through a programme of energy projects, property rationalisation, use of Building Energy Management Systems and staff

awareness/behaviour changes. These are necessary to minimise the Council's carbon emissions, energy costs and the associated impact of the Carbon Reduction Commitment Energy Efficiency Scheme.

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Background Papers: As referred to in this report.
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