



REPORT TO: POLICY AND RESOURCES COMMITTEE ON 24 OCTOBER 2017

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 2016/17 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) (39) of the Council's Administrative Scheme 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 2016/17 Annual Report; and**
- ii) notes that in 2016/17 the Council's energy consumption in non-domestic operational properties decreased by 4.6%, whilst the utility bill decreased by 5.6% (£174,316).**

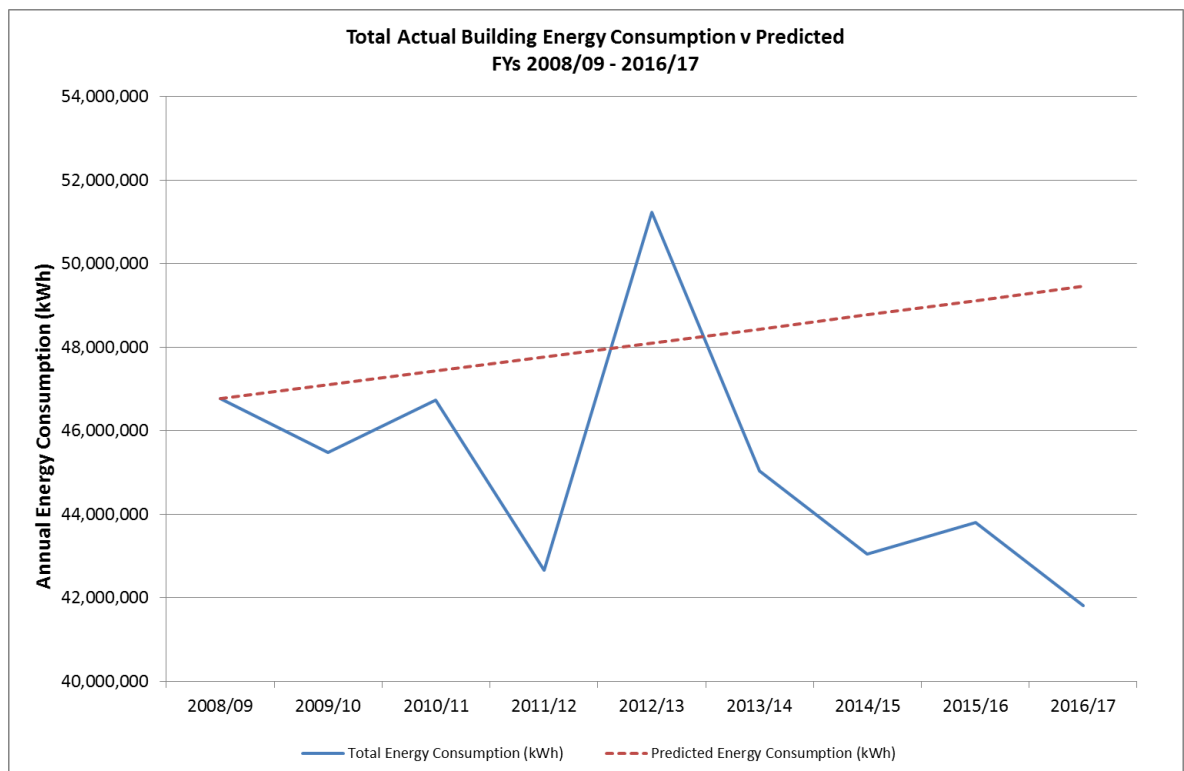
3. BACKGROUND

- 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, whilst the Community Planning Partnership's Moray 2026 "A Plan for the Future" aims to reduce energy consumption from use of non-domestic buildings by 20% over 10 years. The 11th Annual Energy Report, which relates to 2016/17, 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 2016/17 was 41,811,286 kWh compared with consumption of 43,801,134kWh for 2015/16. This is a 4.6% decrease on the previous year's 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.



Energy Costs

- 4.3 In 2016/17, the Council's energy bill at its non-domestic properties totalled £2,466,087 – a decrease of £118,212 (4.6%) compared to 2015/16.

5. **ENERGY SAVING MEASURES**

Carbon Reduction Commitment Energy Efficiency Scheme (CRC)

- 5.1 The main charge in 2016/17 was £16.10 per tonne of CO₂, which has increased to £16.60 per tonne in 2017/18.
- 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 No changes are proposed at present to the Council's Energy Policy and Strategy and the current document is set out in **APPENDIX II**. However the Energy Officer will continue to monitor the position and in particular whether changes will be required due to the imminent introduction of a number of national legislative initiatives in this area, together with the on-going consideration of a Moray Council Climate Change Strategy.

Building Energy Management System (BEMS)

- 5.4 There are BEMS systems in 25 Council buildings and the Energy Team use them to regularly monitor temperatures in buildings, identify anomalies early and adjust heating settings accordingly. It has been identified that the BEMS could be improved in relation to access, functionality and communications and during 2016/17 the Energy Officer prepared a technical specification for future BEMS installations. Consideration is being given to retrospectively applying the same graphical style to all BEMS systems within the Council Estate.

Energy Awareness

- 5.5 Various energy awareness briefings and training sessions were carried out in 2016/17, including presentations at staff inductions and school assemblies/eco groups. These reached 69 council staff and over 1,000 pupils. Other initiatives have included monthly articles in the staff Connect magazine, posters and participation in Earth Hour. More such measures are being implemented in 2017/18.

Energy Audits

- 5.6 In 2016/17 the Energy Team carried out audits at 6 Primary Schools. This has resulted in a number of energy saving measures being implemented and potential energy saving projects being identified. Audits of 6 schools and community centres are scheduled in 2017-18, as well as a number of project specific inspections of various depots, schools and halls.

Projects

- 5.7 Projects carried out in 2016/17 and potential future energy saving projects is set out in **APPENDIX III**.

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 2016/17 the Council's energy bill for non-domestic properties was £2,466,087 – a decrease of £118,212 (4.57%) compared to 2015/16.

The above figures do not include CRC costs which decreased from £234,000 in 2015-16 to £206,085 in 2016/17.

The unit charge remained the same at £16.10 per tonne CO₂ in 2015/16, but has increased to £16.60 per tonne CO₂ in 2016/17. Further rises are scheduled until the scheme ends on 31 March 2019, to be replaced by increases in the Climate Change Levy.

Unit charges for electricity consumption accounted for 54%, whilst the indirect charges (a mixture of fixed charges and others relating to transmission, metering etc.) accounted for approximately 46% of the Council's overall electricity costs. Unit charges for gas consumption accounted for 79%, whilst the indirect charges accounted for approximately 21% of the Council's overall gas costs.

Indirect charges are predicted to continue to increase in future years, as energy consumers rather than taxpayers, meet the costs of moving to a low carbon society, as well as infrastructure improvements. Allied to anticipated increases in consumption charges (per kWh) overall energy costs are set to rise in coming years.

£15,000 has been allocated in the Council's 2016/17 capital plan and £19,200 in the Council's revenue plan for energy saving projects and awareness raising initiatives, although officers will also continue to take forward spend to save proposals.

(d) Staffing Implications

There are no staffing implications.

(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 Democratic Services Manager have been consulted and any comments incorporated in this report as appropriate.

7. CONCLUSION

- 7.1 The Council's utility consumptions and costs fell by 4.6% and 5.6 % respectively in 2016/17.**
- 7.2 There is still potential for further 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 energy costs, carbon emissions and the associated impact of the Carbon Reduction Commitment Energy Efficiency Scheme.**