

REPORT FOR: CABINET

Date of Meeting:	15 July 2010
Subject:	SALIX loans – for energy saving projects
Key Decision:	No
Responsible Officer:	John Edwards, Divisional Director Environmental Services
Portfolio Holder:	Councillor Philip O'Dell, Portfolio Holder Environment and Community Safety
Exempt:	No
Decision subject to Call-in:	Yes
Enclosures:	Appendix A: List of SALIX projects

Section 1 – Summary and Recommendations

This report seeks approval to add £400k to the capital programme for self financing energy schemes financed by interest free loans from SALIX finance.

Recommendations:

Cabinet is requested to:

- a). Approve the addition of £400k to the capital programme for self financing energy projects,
- b). Approve taking interest free loans to the value of £400k from SALIX finance.

Reason: (For recommendation)

The council's Climate Change Strategy sets a target to reduce CO2 emissions by 4% a year from April 2010.

The Carbon Reduction Commitment scheme, started in April 2010. It requires participating organisations to reduce the amount of energy they use and introduces carbon pricing from April 2011.

The proposed loans will help the council to deliver these aims.

Section 2 – Report

Introductory paragraph

SALIX finance is a government company that provides loans to the public sector for energy saving projects. Loans are interest free and repayable over (up to) 5 years from the resultant savings in utility bills.

Options considered

None

Background

Officers have been negotiating with SALIX to agree a range of projects that will deliver reductions in carbon emissions from the council. All the works need to be completed by Dec 2010 to comply with SALIX's funding conditions.

Implications of the Recommendation

Resources, costs:

Reducing carbon emissions will reduce the associated energy costs and produce a saving once the SALIX loans have been repaid.

Staffing/workforce:

None

Equalities impact:

None

Community safety:

None

Legal comments

None

Financial Implications (Steve Tingle)

The capital programme will be increased by £400k in 2010-2011. The revenue implications are cost neutral during the period the loans are paid back. The payback periods vary, but net revenue savings of £3k p.a. start in the second year of investment. These rise to £100k p.a. after 5 years.

Performance Issues

1. The council's Climate Change Strategy, which was agreed in September 2009, sets a target to reduce CO2 emissions by 4% a year from April 2010..
2. NI 185 measures the carbon footprint of all the councils operations and requires council's to set an annual reduction target. Data is collected for all stationary energy use (e.g. buildings and street lighting) and all transport related emissions. Stationary emissions account for approx. 91% of the council's total emissions.
3. To date, only NI 185 data for 2008/9 has been collected by the government. Collection of data for 2009/10 has been put on hold by DECC. Further information is awaited.

The Carbon Reduction Commitment – Energy Efficiency Scheme (CRC) commenced in April 2010 and applies to 90% of the council's stationary emissions. The principle aim of the CRC is to reduce carbon emissions.

4. The proposal does not require the performance target(s) to be changed.
5. The proposal will contribute to delivering energy reductions across the council. This will have a positive impact on assessments of the Council by external regulators (principally the Audit Commission).
6. The proposals should have minimal impact on resident outcomes that are delivered either by partners or by joint working with partners?
7. If the proposal did not go ahead the council would not reduce its energy usage.

Environmental Impact

The loans will allow the council to invest in energy reduction projects that will produce a full year reduction of 1.75% in the council's carbon emissions.

Under the Climate change Strategy agreed in September 2009, the council set an annual target of 4% reductions from April 2010.

Risk Management Implications

Risk included on Directorate risk register? No

Separate risk register in place? No

No risks. Grant of funds by SALIX is dependent on a separate procedure to assess costs and potential savings. Funding is only given where proposals comply with this procedure.

Equalities implications

Was an Equality Impact Assessment carried out? No

The proposed energy savings projects will have no impact on equality issues.

Corporate Priorities

This proposal addresses the corporate priority to deliver cleaner and safer streets, by reducing the council's carbon emissions and helping to deliver the targets set in the climate change strategy.

Section 3 - Statutory Officer Clearance

Name: Steve Tingle	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 21 June 2010		
Name: George Curran	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 22 June 2010		

Section 4 – Performance Officer Clearance

Name: Alex Dewsnap	<input checked="" type="checkbox"/>	Divisional Director Partnership, Development and Performance
Date: 21 June 2010		

Section 5 – Environmental Impact Officer Clearance

Name: Andrew Baker

on behalf of the
Divisional Director
(Environmental
Services)

Date: 21 June 2010

Section 6 - Contact Details and Background Papers

Contact: Andrew Baker
Head of Climate Change
Direct telephone number: 020 8424 1779 (ext 2779)

Background Papers: None

**Call-In Waived by the
Chairman of Overview
and Scrutiny
Committee**

NOT APPLICABLE

*(for completion by Democratic
Services staff only)*

** Delete as appropriate*

Appendix A

SALIX projects 2010/11

All work to be completed by 20 Dec 2010

Location	Description	Cost £	Annual savings £	Payback period years	Annual carbon saving tonnes
Civic Centre	Upgrade BMS (Building Management System)	10,800	3,086	3.5	20.76
Civic Centre	Install Zone controls to heating system	55,000	12,222	4.5	82.22
Civic Centre	Install electric water heating in toilets	17,000	5,667	3.0	38.12
Civic Centre	Install air recuperation system to Committee Rooms	22,000	7,333	3.0	49.33
Civic Centre	Extend automatic lighting controls	25,000	5,556	4.5	29.83
Civic Buildings	Lighting controls	12,500	3,705	3.4	19.90
Civic Buildings	Replace flourescent tubes with LED lights	61,850	12,574	4.9	67.52
Civic Buildings	Replace halogen lights with LED lights	5,000	1,350	3.7	7.25
Schools	Lighting controls	60,000	14,819	3.4	79.58
Depot	Lighting controls	7,500	2,000	3.8	10.74
Depot	Heating zone controls	3,500	750	4.7	4.63
Arts Centre	Replace flourescent lighting with T5 tubes	38,240	10,000	3.8	53.70
Arts Centre	Draughtproofing	1,500	500	3.0	3.36
Arts Centre	Replace stage lighting	64,256	12,851	5.0	69.01
Libraries	Lights and lighting controls	3,000	750	4.0	4.03
Queens House Car Park	Lights voltage optimiser	13,260	7,700	1.7	35.96
TOTALS		400,406	100,863		575.94

I.e. approx. 1.75%
of annual emissions