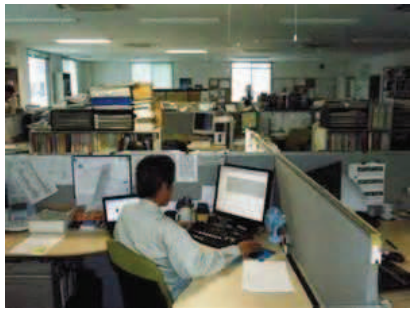
Appendix A:

Developing Surrey's Carbon and Energy Policy for 2015 to 2019

Overview and Scrutiny Committee
29th January 2015

Contents

What are we trying to address?

Our **Aim** is to be a resilient and low carbon council in the most cost effective way whilst maximising the wider benefits to Surrey's economy and environment.

This matters because by working towards this, we will:

- **Respond to budget pressures –** context of above inflation energy price increases and challenging financial climate for local authorities
- **Demonstrate leadership -** reducing carbon emissions and costs of operations and ensuring wider environmental sustainability
- **Ensure joined up decision making** – longer term energy cost and financial implications form part of our decision making
- **Support schools -** to be more cost efficient and environmentally sustainable
- **Harness the potential benefits from innovation and new models of delivery -** with respect to finance and technologies, on a business case approach
- **Develop wider benefits to Surrey's economy and local environment**

Review 2010 to 2014

Context: 2010 to 2014 performance

We achieved reductions, as follows:

- Energy consumption **reduced** for streetlighting, buildings energy and transport fleet fuel.
- Total energy spend **reduced**
- Fleet fuel consumption **reduced**
- Further work is required to analyse business travel cost trends.

Renewable generation has increased

Renewable energy generation capacity on our estate and schools has increased from 0.5MW to 1.5MW.

45% of total electricity was purchased on a green tariff, at no additional charge to the council.

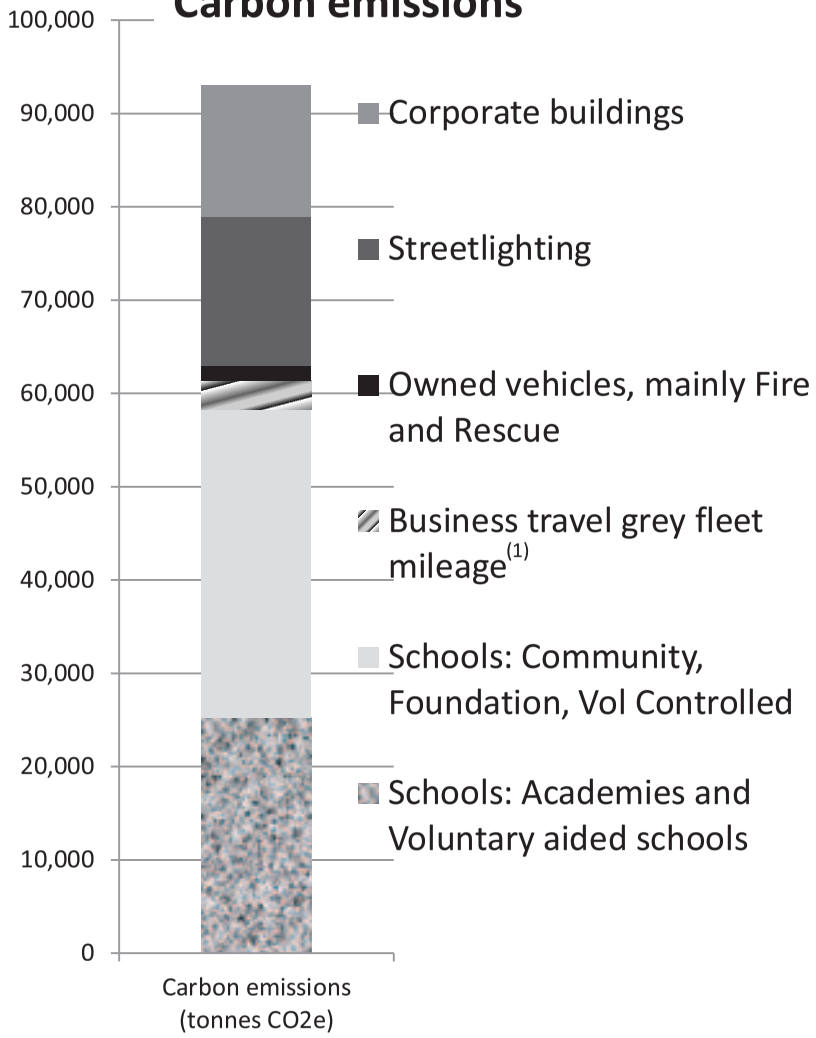
Carbon emissions overall reduced by 12% or 9% after accounting for weather.

This is within the range of performance of other councils (see Benchmarking performance – slide 13)

Evaluation of our experience during the 2010 to 2014 period has informed the proposed policy for 2015 to 2019.

Carbon emissions and Costs in 2013/14

Carbon emissions



Costs

Energy for Corporate Buildings(2)	£3.1M
Streetlighting	£3.5M
CRC (carbon tax)	£0.8M
Owned vehicles (estimated fuel spend)	£0.7M approx.
Business travel mileage, inc lump sum (exc. public trans)	£5.8M
County council: sub total	**£14M**
Schools (inc Community, Foundation, VC and VA)	£8.2M
Academies	not known

Notes:
1. The term 'grey fleet' refers to vehicles used for business travel which are not owned by the council, e.g. cars owned by staff used for journeys for which mileage is claimed
2. Cost of purchasing electricity, gas and oil excluding CRC

Policy development 2015 to 2019

Policy development and approval process and key milestones - SUMMARY

- Establish working group and set the scope
- Measure baseline and set goals

- Identify pressures and reduction opportunities
- Quantify contribution to emissions change, return on investment, deliverability and wider benefits

- Targeted consultation with boroughs & districts

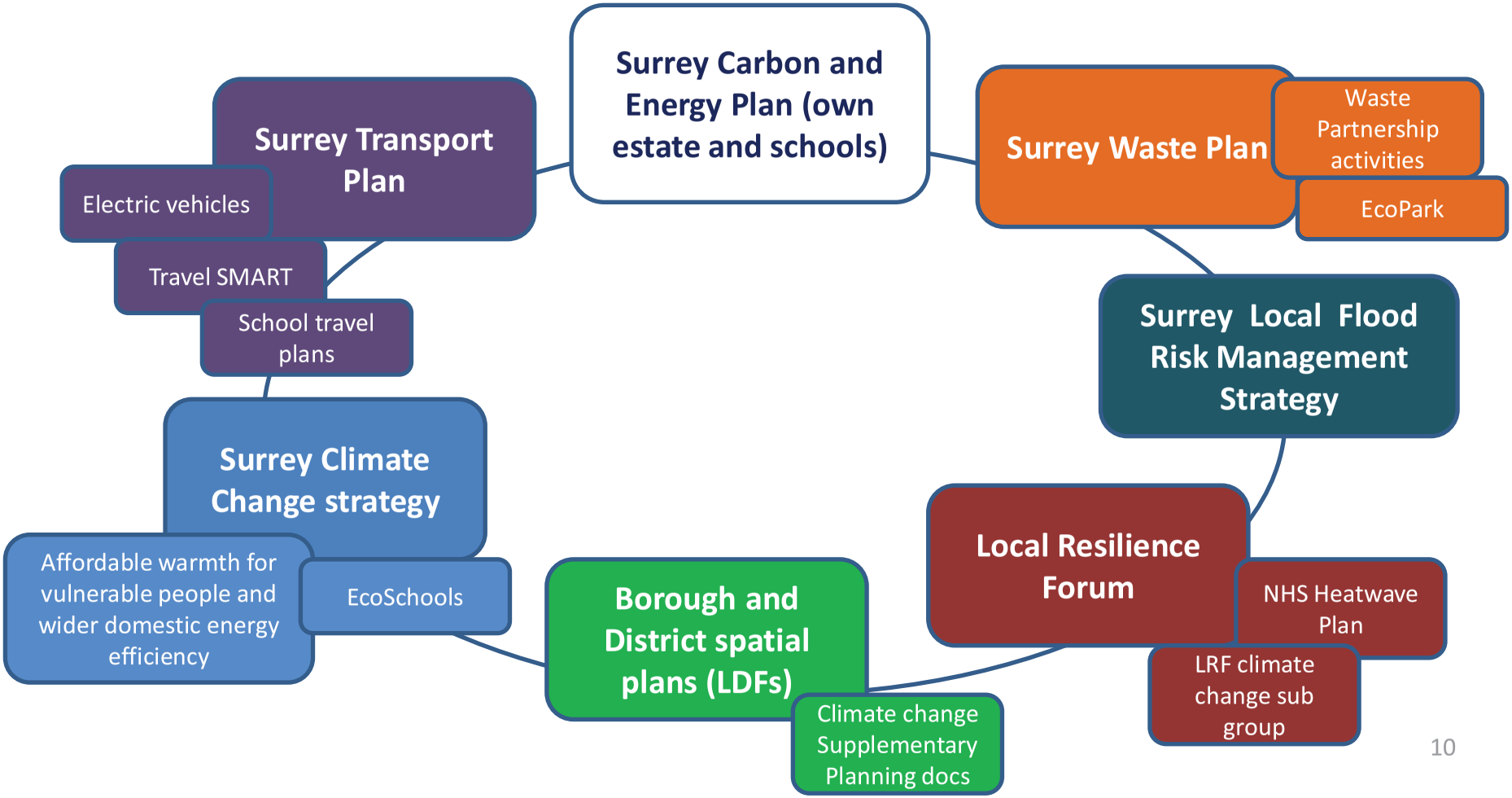
- Cabinet member and Strategic Director informal approval
- Overview & Scrutiny committee (29 Jan 2015)
- Cabinet approval (24 March 2015)

- Implement commitments
- Monitor, evaluate and publish progress

Draft Policy 2015 to 2019

Context of the policy

The emerging Carbon and Energy policy sits alongside other local authority (inc B&Ds) activities for natural resource management, infrastructure development and spatial planning. Climate change mitigation (emissions reduction) and resilience (adaptation) is being addressed on a number of fronts; for example:



Proposed scope of policy and level of influence

The scope of the policy covers a breadth of activities, but our actions will be determined by the level of control and influence we have.

- Service decisions with energy implications
- Corporate property portfolio
- Streetlighting
- Council owned fleet
- Business travel
- Schools (Community, Foundation and V.C.)*

Scope of measured carbon reduction target

- Energy and fuel costs within major contracts
- Schools (Academies and V.A.)
- Staff commuting
- Domestic and wider community and commercial sector emissions - strategy and delivery via other (partnership) activity

Decreasing level of control

* Schools are within the scope of monitoring and reporting, but are self-governing organisations

Draft Aim, Objectives and Target for 2015 to 2019

Aim:
To be a resilient and low carbon council in the most cost effective way, whilst maximising the wider benefits to Surrey's economy and environment.

Objectives:
- Be joined up in our decision making, across Services' decisions which have energy implications
- Improve the efficiency of corporate property portfolio and streetlighting
- Support schools with advice, support and maintenance, depending on status
- Improve the efficiency of fleet, business travel and commuting
- Work with suppliers for contracts with a major component of energy costs
- Work in partnership working with boroughs and districts and other partners

Carbon Reduction Target
By 2018/19, compared to our baseline year of 13/14 (63,163 tonnesCO_2^e), we will reduce carbon emissions from our corporate estate, streetlighting and other highways electricity and schools* by **10%.**

* Community, Voluntary controlled and Foundation status only.

Benchmarking ambition

Other county councils that have recently reviewed equivalent policies, have set targets as set out below. Some councils opting for stretching targets but over the long term. **Where short term targets are set, these are generally in line with Surrey's scale of ambition.**

	Emissions Reduction Target and Period	Per annum equivalent
Surrey	10% reduction by 2018/19 vs 2013/14 baseline	2.0%
East Sussex	80% reduction by 2050 vs 2009/10 (in support of national legislated target)	3.5%
Hampshire	No percentage target reduction has been set in most recent strategy and action plan updates in 2012 and 2014	n/a
Kent	2.6% reduction per year, up to 2015 (no baseline specified)	2.6%
West Sussex	50% reduction by 2025 vs 2011	3.6%
Buckinghamshire	10% reduction by 2016/17 vs 2011/12	2.0%

Benchmarking performance

A rudimentary comparison, shows Surrey CC is broadly in line with other SE7 county councils, although there is significant variation between councils in some cases.

However, benchmarking emissions changes is unreliable. It is subject to changes in reporting rules (affecting all councils, but obscuring year on year changes), differences in application of guidance and variations in carbon reduction investment levels.

Emissions reporting source:	CRC reporting[1] (latest figures available 13/14 vs 10/11)	GHG reporting[2] (latest figures available 12/13 vs 10/11)
Surrey	**-27.9%**	**-6.5%**
East Sussex	-30.1%	-14.0%
Hampshire	+0.5% *	-5.0%
Kent	-30.6%	-6.9%
West Sussex	-21.2%	Figures unavailable for 12/13 vs 10/11

1. **Carbon Reduction Commitment (CRC)** Energy Efficiency Scheme is administered by the Environment Agency. It involves annually reporting and purchasing permits. The scope only includes emissions from the council's corporate buildings and streetlighting. Emissions reduction for CRC reporting should not be taken as an entirely comparable year on year progress, as changes in the rules for qualifying emissions have occurred. * Hampshire's figure is not reflective of the council's change in emissions overall.

2. **Greenhouse Gas (GHG)** reporting to DECC involves annually reporting emissions, but there no financial implications. The scope of reporting covers a wider range of emissions i.e. emissions from business travel and fugitive emissions from air conditioning.

Emerging Action Plan

1. Statutory obligations	•Meet all statutory obligations in relation to energy and carbon, including Carbon Reduction Commitment (CRC), Greenhouse Gas (GHG) Reporting , Display Energy Certificates and Energy Performance Certificates, Air conditioning maintenance and our role as a Planning Authority
2. Monitoring and Reporting	•Monitor energy consumption, costs and sources, to inform our energy management programme •Review and publish performance against targets
3. Procurement	•Secure best value energy and fuel supply and contract service delivery •Use Procurement opportunities to stimulate and sustain the local economy •Explore opportunities within our major contracts to achieve energy cost reduction
4. Staff awareness and behaviours	•Promote energy efficiency awareness and responsibilities to all staff as building users
5. Manage assets and services	•Improve energy efficiency of our operations through efficient building operation •Consider full lifecycle energy and carbon implications in major projects and strategic decisions •Invest in energy efficiency/carbon reduction projects on a prioritised basis within existing budgets •Develop new investment cases and evaluate options for delivery
6. Travel	•Review and implement policies, culture and initiatives that reduce the need for, and cost (including time) of business mileage and improve fuel efficiency of fleet vehicles through specification and usage practices
7. Schools	•Support schools to embed sustainability in learning and operations, including improving energy efficiency and reducing carbon emissions
8. Residents and wider community	•Work across council departments and in partnership with wider partners (public and private), to support residents and the wider community to reduce carbon emissions and benefit from efficiency

Guiding Principles

Be joined up in our decision making as one council

Develop proposals on a prioritised basis, considering:

- Scale of contribution reducing carbon emissions
- Statutory obligations
- Our scope of influence to implement/facilitate change
- Cost of implementation on a full life cycle basis
- Ancillary impacts (+ve and –ve) re. corporate priorities

Work with partners to address issues of shared interest i.e. related service provision, common goals, , expertise, finance – orgs such as B&Ds, 3rd sector orgs, expert advisors and investors.

Identifying pressures and opportunities

Contribution to increasing emissions vs baseline:	Potential increase or reduction (not reliably predictable):	Contribution to reducing emissions vs baseline:
▪ **ICT data centre** - fulfilling designed capacity for in-house demand and servicing other organisations ▪ **Schools expansion** programme – meeting growth in demand for school places	▪Weather variations ▪ Change of status of schools ▪ Estate acquisitions and disposals ▪ Staff occupancy changes ▪ Changes to organisation e.g. In-sourcing / out-sourcing services ▪ Carbon intensity of energy sources – change over time	**Over 40 project opportunities have been identified, covering:** ▪Corporate property portfolio efficiency & renewable projects ▪Staff behaviour change ▪Streetlighting – further efficiency options ▪Supporting schools, with support and advice ▪Business travel mileage reduction

Indicative Investment and Return

Investment to achieving a 10% reduction in carbon emissions by 2018/19 could see the Council and maintained schools **avoid £3.9m** of cumulative cost pressures from energy spend in buildings alone over the coming 4 years. Streetlighting, solar and business travel project returns could increase this saving further.

Area	Energy costs (13/14)	Investment over 4 yrs	Returns (p.a.) in Yr 1	Indicative Payback	Funding stream and status
Corporate Property: efficiency and generation	£3.1M	£3.2M	£0.4M	8 years	Capital maintenance, within MTFP
Corporate property: Solar PV Trumps Farm	n/a	£3.8M	Business Case being evaluated	13 years	Provision within MTFP subject to Investment Panel approval
Schools (Community, Foundation and Vol Cont)*	£8.2M	£4.2M*	£0.50M*	8 years	Not SCC funding. Schools' borrowing e.g. Salix 0% interest lending from Education Funding Agency
Fleet vehicles (Electric vans)	Not known	~£0.3M	Business case in development	Less than 10 yrs	Highways service, subject to Investment Panel
Business travel (mileage and lump sum)	£5.8M	tbc	tbc	tbc	tbc
Street lighting LED	£3.5M	£8.0M (research ongoing)	Business case in development	19yrs (i.e. current business case is not acceptable)	Subject to an acceptable business case being established, funding options would be considered further.

*** Schools:** Revenue benefit to schools, not SCC budget. Maintenance projects e.g. boiler replacement, could also contribute to financial and carbon savings in LEA maintained schools.

Possible Scenario - Carbon

Area	13/14 baseline tonnes CO_2^e	Carbon Saving tonnes CO_2^e (pa)	Investment Required over 4 yrs
Corporate Property: Efficiency and generation	14,074	2,313	£3.2M
Corporate property: Solar PV Trumps Farm	-	1,490	£3.8M(1)
Total investment included in MTFP		**3,304**	**£7.0M**
Further investment being evaluated:			
Electric Fleet vehicles	1,526	17	£0.3M
Business Travel	3,057	No carbon savings yet identified vs baseline	tbc
Street lighting(4)	*16,064*	*2,283*	*£8M*
School led borrowing:			
Schools (Community, Foundation and V.C.)(2)	33,025	3,348	£4.2M(3)

(1) Trumps Farm solar PV: Subject to further consideration by Investment Panel.
(2) Schools not included in statutory CRC reporting from April 2014, but still included in GHG reporting
(3) Subject to agreement for schools to borrow from Salix, permission required from Secretary of State for other sources
(4) Streetlighting- Subject to further research to determine whether an acceptable business case exists

Governance:
Monitoring and Reporting

Reporting area	Frequency	Reporting led by	Purpose
CRC Energy efficiency scheme	Annual, by 31 July	Property	Government requirement (statutory duty)
Greenhouse Gas emissions	Annual, by 31 July	Environment	Government requirement (single data list)
Service reporting	Quarterly	All services involved in C&E policy delivery	Council performance monitoring - detail
Overview and Scrutiny Committee	Annual, following July	Joint: Business Services and Env & Inf	Council performance monitoring - oversight

Governance:
Supporting scrutiny arrangements

Reporting area	Frequency	Purpose
Internal Audit	In line with OSC reporting and additional as required	Verification of performance evaluation
Procurement Review Group	As required	Appointment of contractors and procurement of works
Investment Panel	As required	Individual scheme investment assessment
Continuous Improvement Network	As required	Performance review, as required

This page is intentionally left blank