

BRIEFING PAPER

SUBJECT: Salix Energy Efficiency Programme for SCC Schools

REPORT OF: Southampton City Council

REPORT TO: Schools' Forum

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1.0 Introduction

1.1 This briefing presents a proposed programme to increase the energy efficiency of the schools estate by capitalising on the Salix financing scheme. The programme would be managed by the Council with the aim of accelerating the reduction of school energy bills.

2.0 What is Salix?

2.1 Salix is a government financed scheme initiated to increase the uptake of energy efficiency projects by removing the cost of entry. This is achieved by offering 100% interest-free capital to the public sector to improve energy efficiency and reduce energy bills.

2.2 This funding is only available for certain projects or groups of projects, as the required payback time of 8 years ensures that only the secure and quick wins are targeted. The annual savings of the project are required to equal or exceed the yearly repayment of the loan, so there is no overall impact on the finances of the school over the period of the loan. After the 8 years, however, the school will see an increase in revenue as a result of an improvement in energy efficiency.

2.3 This proposal is different to the internal invest-to-save scheme, as this is a direct loan from Salix to the school. Another fundamental difference is that the eligibility rules are different, allowing for more potential projects.

3.0 What is the proposed programme?

3.1 The Council are proposing a strategic delivery programme to capitalise on the Government Salix scheme and make significant improvements to schools in Southampton. The intention is to reduce the energy usage of the schools estate whilst simultaneously increasing the revenue available to individual schools.

3.2 The proposed programme has been included in the Appendix and the initial scoping stage has already been completed. This was done using the energy audits of 26 schools already completed in 2009, which was financed by The Carbon Trust. These schools will form the focus of phase 1 of the program. The remaining schools will be dealt with in phases 2 and 3.

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3.3 The proposed programme is set out below:

Project Task	Key Dates for Schools
Obtain Formal Signed Commitment from Schools	19 th May 2014
Supplier Selection	4 th August 2014
Investment Grade Audit Approval	22 nd September 2014
Energy Efficiency Measure (EEM) Installation and Commissioning	6 th October 2014

3.4 The data analysis from the audits has indicated potential areas of capital investment for the respective schools, and estimates the cost of the measures, as well as the annual savings.

3.4.1 An example of the data on each of the 26 schools previously audited is provided below:

Ludlow Infant School					
Recommendations & Key Actions	Estimated Annual Savings			Estimated Cost (£)	Payback Period (Years)
	(£)	CO ₂ e (tonnes)	(kWh)		
Replace T8 Fittings with LED	1012	4	9,529	7,440	7.4
Replace T12 Lighting with LED	378	2	3,566	1152	3.0
Replace T8 Quad Fittings with LED	839	4	7,902	5,390	6.4
Install Automatic Lighting Controls to Intermittently Occupied Areas	567	2	5,347	1,920	3.4
Fit Insulation to Pipework across School	1192	8	41,600	2,500	2.1
Upgrade Heating Controls To Boilers in Rema Building	245	2	8,580	200	0.8
	£4,234	21	76,523	£18,602	4.4

3.5 The whole data package demonstrates commonality across the 26 schools that would result in the prioritisation of four key areas of investment, the breakdown for which is shown below. These measures apply to the majority of schools, and the proposed programme will manage their delivery across the school estate in phases.

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3.5.1 Table showing the breakdown by measure

Measure	Number of schools	Estimated annual savings		Estimated cost (£)	Payback Period (Years)
		On energy bills (£)	CO ₂ e (tonnes)		
LED lighting	23 (89%)	£39,050	171	£310,796	8
Lighting controls	20 (77%)	£7,662	32	£69,100	9
Heating controls	21 (81%)	£11,755	70	£28,650	2.5
Pipework insulation	21 (81%)	£20,461	128	£68,199	3.5
TOTAL	n/a	£78,928	401	£476,745	6

3.6 The schools in the initial programme will be individually contacted over the next two months and advised as to the size of the loan required, and what the corresponding savings will be. As part of the contact to specific schools, the possibility of grouping other measures distinctive to the school as part of the loan will be analysed and considered.

4.0 Benefits of a Council managed programme

4.1 The Council are in apposition to provide this service at a lower cost than the commercial sector. If the school looked to undertake the loan independently, they would need to pay for a private company to do an energy audit and pay fees for the management of the scheme which would be more costly than the work undertaken by the Council. The overall cost of managing the programme will be incorporated within the loan, meaning that it will have no direct impact on the finances of the school.

4.2 By looking at the whole school estate in a programme, the Council can manage the programme systematically and achieve basic efficiency for projects across the city (like the replacement of lighting with LED) for a lower price than if done individually. Some measures could not be funded by Salix if delivered into individual schools.

4.3 The coordinated approach would allow for all schools to capitalise on this opportunity as much as possible, regardless of available capital, time and expertise. The Council also provides a longer term support role for schools including behaviour change initiatives, as well as identifying other funding opportunities for energy measures (e.g. investment in Solar PV etc.).

5.0 Relation to the Capital Programme

5.1 The programme will also be integral to the new approach to the Children's Services Capital Programme.

5.1.1 The reduction in capital given to the Council has resulted in the need to focus resources on critical school closure and Health & Safety matters. As such, the Council is moving away from funding items which can be financed through other means. The net effect is that schools can no longer depend on the authority to fund items such as

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lighting replacement and proactive boiler replacement. Any Salix compliant works will need to be funded through Salix.

- 5.1.2 Salix provides an opportunity to add value to the current Capital Programme as an alternative means of funding to increase in the annual investment for schools.

