

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **LIFELONG LEARNING OVERVIEW & SCRUTINY
COMMITTEE**

DATE: **THURSDAY, 6 DECEMBER 2012**

REPORT BY: **DIRECTOR OF LIFELONG LEARNING**

SUBJECT: **SALIX SCHEME**

1.00 PURPOSE OF REPORT

1.01 The purpose of this report is to provide an overview of the operation of Salix schemes in schools and to highlight the contribution such schemes can make to the Authority's carbon reduction strategy and energy usage costs.

2.00 BACKGROUND

2.01 Climate Change has been recognised internationally as probably the most important challenge facing the world. The Authority's carbon reduction strategy was developed to demonstrate its commitment to this challenge. Flintshire has adopted one of the most ambitious carbon reduction targets in Wales with a 60% target over twelve years from 2007/8.

2.02 The Council has a well established carbon management programme built up over a period of years which addresses the many existing and proposed legislative requirements and carbon reduction targets set by the European Union, UK Government and Welsh Assembly Government.

2.03 Schools have an important contribution to make to reducing the Authority's carbon footprint which, coupled with rising and volatile energy costs provide strong drivers for reducing energy consumption in schools.

2.04 One mechanism which has been used to support energy reduction in schools is the Salix and Authority 'spend to save' schemes. The purpose of these schemes is to accelerate investment in energy saving technologies; investment which would otherwise not be available given the constraints on capital funding.

2.05 Salix Finance Ltd is an independent, not for profit company funded by the Department for Energy and Climate Change, the Welsh Government and the Scottish Government via The Carbon Trust. To date Salix has invested circa £10.1 million of interest free loans in

energy savings projects for Public Sector Bodies in Wales. There have been over 190 projects in Welsh Schools. Salix funded schemes are therefore the UK and Welsh Government's preferred vehicle for promoting and driving energy efficiency in all public sectors from Universities to the Police.

- 2.05 In schools the rationale behind the 'spend to save' approach is that by upgrading current lighting and insulation the school will generate sufficient energy cost savings to pay back a loan for the upgrading work within a reasonable period of time. After the 'loan' has been paid back any savings will accrue directly to the school.
- 2.06 Prior to the implementation of the Salix scheme in schools the Energy Manager attended both the primary and secondary federation meetings and a full presentation and explanation of the scheme was given to the Schools Budget Forum in January 2009.
- 2.07 The Authority has taken advantage of the hypothecated Salix scheme and established an FCC fund to invest in energy efficiency schemes in schools. Each scheme must be compliant with the Salix requirement, that is a payback period within 5 years. Where the payback is longer than 5 years, but shows good savings/carbon reduction, our own FCC spend to save budget is used. The recycling methodology is the same as the Salix scheme
- 2.08 All the recycling payments go back directly into a Flintshire County Council ring-fenced budget, for use in other schools in subsequent years. The Salix funding can be retained by the Authority for as long as the Authority can identify compliant schemes.
- 2.09 In schools the estimated savings for each scheme are based on standard operational figures provided by CIBSE (200 days a year, 10 hours a day). The figures may be adjusted by the Energy Unit, in conjunction with the school, based on site knowledge in relation to individual schools.
- 2.10 Schools are required to sign a loan agreement if they decide to go ahead with a scheme. Headteachers must only sign agreements if empowered to do so under the School's Scheme of Delegation.
- 2.11 Recycling payments do not commence until the financial year following the year of installation, this was agreed in order to give schools up to 12 months benefit before repayments start.
- 2.12 To ensure that schools have a clear understanding prior to signing up for a scheme the Energy Unit has developed a protocol and this has just been issued. The protocol sets out the steps to be followed both by the Energy Unit and schools.

3.00 CONSIDERATIONS

- 3.01 The objective of the Salix and the Authority spend to save scheme is to make a positive contribution to schools by improving energy efficiency.
- 3.02 The key principle of the Salix scheme and the local Authority scheme is to recycle the repayments to support further energy efficiency schemes in other schools. It is the only way that the Authority can afford to accelerate the improvements and to ensure that all schools have the benefits and not just a prioritised few.
- 3.03 There should be a nil cost to the participating school during the payback period, i.e. the savings generated should equal the payments made.
- 3.04 There are immediate benefits for participating schools of improved lighting, heating and insulation making the school a better environment for pupils and teachers. Reduced maintenance costs will also be a feature of certain schemes.
- 3.05 Ultimately all energy savings will accrue to the school once the payback period is complete and these savings can be invested in educational activities or further building improvements.
- 3.06 Both the Salix and FCC funded Spend to Save schemes have been running in Flintshire for four years, having been agreed with the Schools Budget forum prior to being formally adopted through the Democratic process by Flintshire County Council in 2010, and referenced in the Councils Energy Policy.

4.00 RECOMMENDATIONS

- 4.01 Scrutiny members comment on the application of the Salix and Spend to Save schemes in schools and endorse the continuation of use of these schemes to improve energy efficiency in schools.

5.00 FINANCIAL IMPLICATIONS

- 5.01 The majority of Salix/FCC spend to save investment has gone into schools, and as a County we have saved/reduced our costs by over £1M. The reduction in energy costs in schools potentially releases funding which can be redirected to other learning activities.
- 5.02 The opportunity to apply for interest free loans repayable over an agreed period out of accrued savings allows the authority to implement schemes which otherwise would not be affordable.

6.00 ANTI POVERTY IMPACT

6.01 There is no specific impact.

7.00 ENVIRONMENTAL IMPACT

7.01 Significant environmental benefits can be generated by improving energy efficiency in schools and reducing the carbon footprint.

8.00 EQUALITIES IMPACT

8.01 There is no specific impact.

9.00 PERSONNEL IMPLICATIONS

9.01 There is no specific impact.

10.00 CONSULTATION REQUIRED

10.01 There are no specific consultations planned.

11.00 CONSULTATION UNDERTAKEN

11.01 Recent discussions have taken place with the Primary Heads Federation and the Secondary Heads Federation.

11.02 Additionally all schools that have participated in the schemes have been invited to comment and complete a questionnaire on how they view the scheme and its implementation.

12.00 APPENDICES

None.

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

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