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**REPORT TO: ECONOMIC DEVELOPMENT AND INFRASTRUCTURE SERVICES  
COMMITTEE ON 14 NOVEMBER 2023**

**SUBJECT: ANNUAL REPORT ON ENERGY STRATEGY/ACTIONS**

**BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND  
FINANCE)**

**1. REASON FOR REPORT**

- 1.1 This report sets out the annual energy and water performance of the Council's non-domestic building portfolio in 2022/23.
- 1.2 This report is submitted to Committee in terms of Section III (F) (34) of the Council's Scheme of Administration relating to the monitoring of the Council's Economic Development and Infrastructure Services.

**2. RECOMMENDATION**

**2.1 It is recommended that Committee:-**

- (i) considers and notes the Annual Energy Report for 2022/23 set out in the report;**
- (ii) notes that in 2022/23 the Council's energy consumption in non-domestic operational properties decreased by 7%, and the energy bill increased by 41.4% (£1,368,365);**
- (iii) approves the update of Energy Policy at APPENDIX I to align with the mandatory targets set by the Scottish Government and agrees that officers review the Energy Policy and Strategy annually in order to align its goals with the Route Map to Net Zero; and**
- (iv) notes the making of a SALIX grant application as set out in Paragraph 7.6.**

**3. BACKGROUND**

- 3.1 Annual reports have been presented to Committee since 2006; the last report was submitted for noting to this Committee on 15 November 2022 (paragraph 9 of the minute refers). This report is submitted as the Council's Annual Energy Report for 2022/23.

- 3.2 Improving energy efficiency not only minimises costs, but also reduces on-going carbon emissions in the most cost-effective manner.
- 3.3 During the financial year 2022/23 Moray Council's expenditure on utilities (including street lighting) was approximately £5.1M, with associated carbon emissions of 9,494 tonnes CO<sub>2</sub>.

#### 4. **PERFORMANCE**

##### Consumption and Costs

- 4.1 Table 1 provides a summary of the Council's utilities consumption, costs and emissions during 2022/23. Heat refers to kWh from Biomass plant.

Table 1

<b>Annual Report Figures 22 -23</b>			
<b>Commodity</b>	<b>Consumption (kWh/m3)</b>	<b>Net Cost (£)</b>	<b>Carbon (tonnes CO<sub>2</sub>)</b>
Heat	1,924,450	£141,560	29
Oil	2,744,999	£204,952	759
Gas	23,675,047	£1,664,088	4,355
Electricity	11,475,718	£2,135,121	3,525
Street Lighting & Unmetered Elec	2,334,269	£434,574	717
Water (m3)	102,588	£526,407	108
<b>Totals</b>		<b>£5,106,702</b>	<b>9,494</b>

- 4.2 The operation of the Council's non-domestic buildings cost £4,672,128 with further expenditure of £434,574 on street lighting and unmetered electricity.

##### Combined Energy Consumption

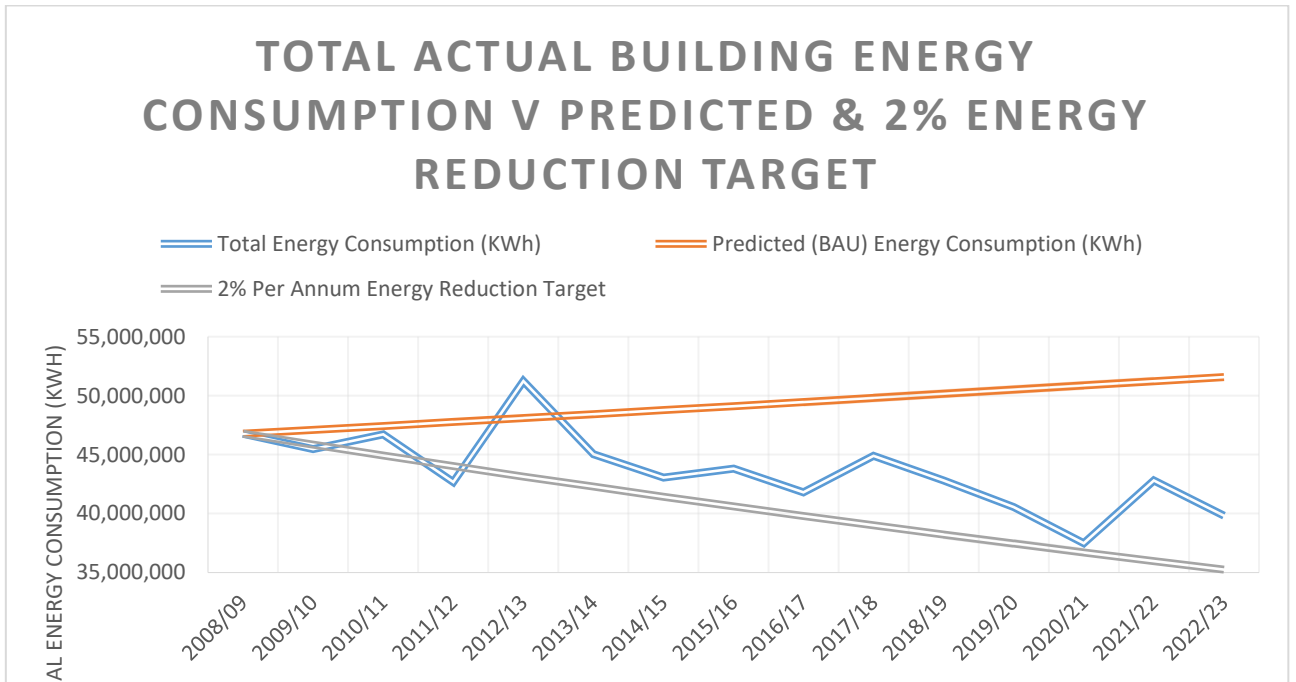
- 4.3 Table 2 below provides a comparison of energy consumption between 2021/22 and 2022/23 for individual utilities.

Table 2

<b>Utility</b>	<b>21-22</b>	<b>22-23</b>	<b>Difference</b>	<b>%</b>
Heat	2,324,492	1,924,450	-400,042	-17%
Oil	3,336,476	2,744,999	-591,477	-18%
Gas	25,784,297	23,675,047	-2,109,250	-8%
Electricity	11,360,814	11,475,718	114,904	1.0%
<b>Overall Building Total (kWh)</b>	<b>42,806,079</b>	<b>39,820,214</b>	<b>-2,985,865</b>	<b>-7.0%</b>
Street Lighting & Unmetered Elec	2,343,106	2,334,269	-8,837	0%
<b>Overall Total (kWh)</b>	<b>45,149,185</b>	<b>42,154,483</b>	<b>-2,994,702</b>	<b>-6.6%</b>
Water (m3)	106,151	102,588	-3,563	-3.4%

- 4.4 The combined energy consumption from the Council's buildings, for 2022/23 was 39,820,214 kWh compared with consumption of 42,806,079 kWh for 2021/22, equivalent to a 6.6% decrease.

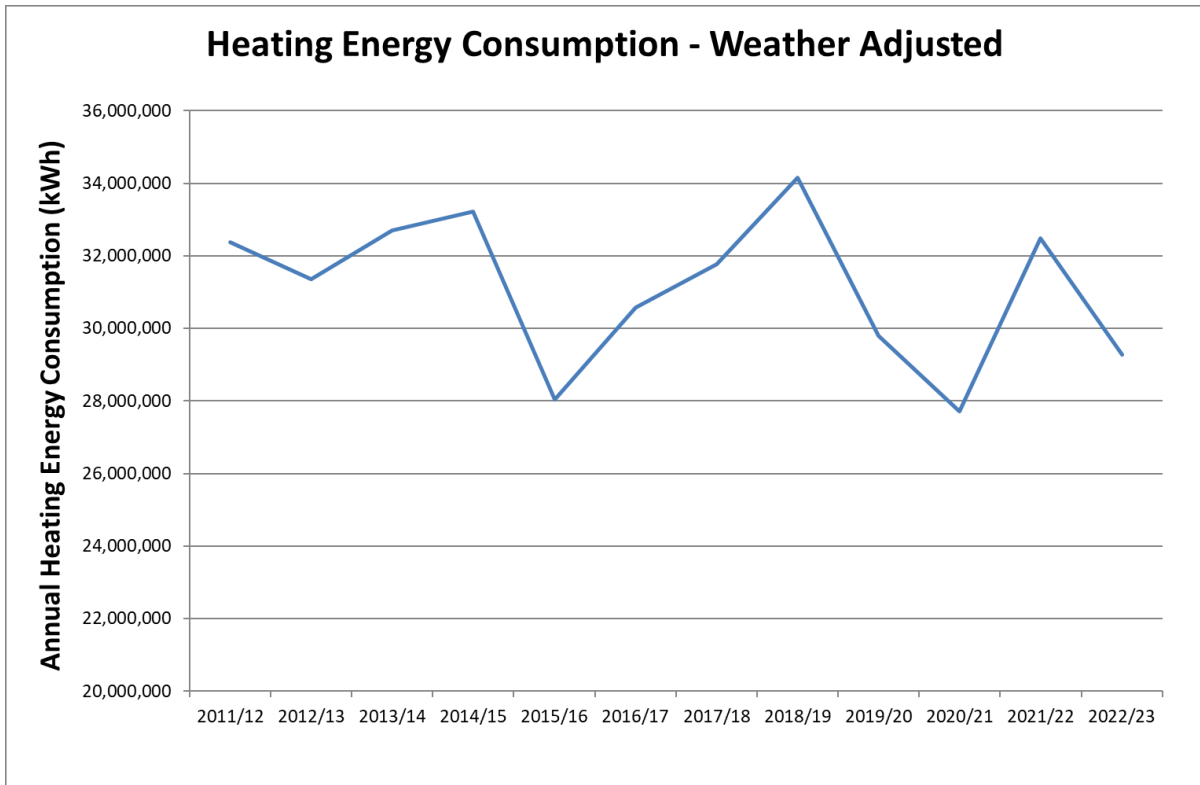
4.5 The graph below shows the Council’s total energy consumption in its non-domestic buildings against a 2008/09 baseline, compared to the 2% energy consumption reduction target and predicted increases, (based upon Government forecasts of a Business-as-Usual uplift of 0.7% per annum). This baseline will be adjusted in light of the policy at Appendix 1 if approved.



4.6 Heating-related Energy Consumption

To take account of weather conditions a measure termed “Degree Days” is utilised to incorporate the effect of warmer or colder conditions – permitting a comparison of heating related efficiency.

4.7 The graph below shows the Council’s weather adjusted heating consumption for the last 11 years.



4.8 Heating accounts for a significant proportion of the Council's energy consumption. The weather in 2022/23 was 5% warmer than in 2021/22 and the graph above shows a weather adjusted decrease in heating consumption of 5.4% compared to 2021/22. This can be attributed to the effect of reducing the temperatures in our buildings and heating settings being optimised.

4.9 Table 3 summarises the absolute and relative variations in gas consumption for the various property groupings within the Council's property estate.

Table 3

Property Grouping	Consumption 21-22 kWh	Consumption 22-23 kWh	kWh Difference	% Difference
Community Centres	469,547	463,681	- 5,866	-1.3%
Day Centres	1,030,133	874,367	- 155,766	-17.8%
Libraries	704,831	541,672	- 163,159	-30.1%
Offices	1,343,695	1,306,435	- 37,260	-2.9%
Primary Schools	7,874,244	7,004,574	- 869,670	-12.4%
Residential Homes	934,389	837,020	- 97,369	-11.6%
Secondary Schools & Swimming Pools	12,254,424	11,517,421	- 737,003	-6.4%

4.10 Main points to note in relation to table 3 are as follows:-

- The decrease in consumption can be attributed to a mixture of warmer weather conditions and management of heating controls.
- Schools account for the largest decrease in consumption in volume terms.
- The decrease in consumption in Libraries is from savings made in Elgin Library from a mixture of reducing temperatures and managing heating settings.

### Water Consumption

- 4.11 The Council's water consumption for 2022/23 was 102,558m<sup>3</sup> compared with consumption of 106,151m<sup>3</sup> for 2021/22, a decrease of 3,563 m<sup>3</sup>, equivalent to a 3.4% decrease. Replacement taps in primary schools and monitoring of water consumption by the energy team identifying and dealing with issues early are responsible for this saving.

### Street Lighting

- 4.12 The management and maintenance of street lighting is undertaken by Direct Services. The associated energy consumption in 2022/23 was 2,334,269 kWh, 0.4% lower than the 2021/22 consumption of 2,343,106 kWh. It is expected that this will remain stable as the LED replacement programme completes. Electricity consumption has dropped by 67% compared to that being used prior to the project starting in 2017.

### Carbon

- 4.13 Carbon dioxide emissions provides a single common denominator between disparate activities such as electricity, transport and waste recycling. Table 4 details the carbon emissions associated with energy and water consumptions attributable to Moray Council building related operations (figures are in tonnes of CO<sub>2</sub>).

Table 4

Utility	21-22	22-23	Difference	%
Heat	35	20	-15	-42%
Oil	857	759	-98	-11%
Gas	4,723	4,355	-367	-8%
Electricity	2,412	2,219	-193	-8%
Electricity T&D Losses	213	203	-10	-5%
Street Lighting & Unmetered Elec	498	493	-5	-1%
Street Lighting & Unmetered Elec T&D	44	41	-3	-6%
Water	12	10	-1	-12%
Water Treatment	23	19	-5	-20%
<b>Overall Total C02e</b>	<b>8,817</b>	<b>8,120</b>	<b>-697</b>	<b>-8%</b>
<b>Total Scope 1 C02e</b>	<b>5,615</b>	<b>5,135</b>	<b>-480</b>	<b>-9%</b>
<b>Total Scope 2 C02e</b>	<b>2,910</b>	<b>2,712</b>	<b>-198</b>	<b>-7%</b>
<b>Total Scope 3 C02e</b>	<b>292</b>	<b>273</b>	<b>-19</b>	<b>-7%</b>

- 4.14 Greenhouse Gas emissions are categorised into three scopes. Scope 1 are direct emissions from onsite fuel combustion and company vehicles. In this case the Scope 1 emissions come from Gas, Oil and biomass boilers used to heat our buildings. Scope 2 emissions are indirect emissions from purchased grid supplied electricity. Scope 3 emissions are other indirect emissions from the wider supply chain. In this case the emissions from Grid bought Electricity transmission and distribution losses, Water supply and water treatment of the waste water we produce.

4.15 Previous iterations of this report have reported emissions as one single figure. It is important to differentiate between the emission scopes and report as such. This is important as:

- Reductions or changes in the conversion factors may give false reductions as it may look like savings have been made when they have not.
- In order to meet the council's Net Zero targets it is the Scope 1 emissions that need to be prioritised for reduction.

4.16 Carbon emissions from the Council's non-domestic buildings and street lighting in 2022/23 were overall 8% lower than in 2021/22. Contributory factors which would have affected the above performance include:

- The reduction in demand for heating highlighted in paragraph 4.8 has caused the majority of the reduction in overall emissions and Scope 1 emissions.
- A reduction in the UK Government carbon conversion factor for electricity has reduced the Scope 2 and Scope 3 emissions associated with electricity despite a nominal increase in consumption.
- A combination of reduced water consumption and a reduction in the carbon conversions factor for water and water treatment have contributed to the reduction in emissions from water use.

## 5. UTILITY MANAGEMENT

### Utility Expenditure

5.1 In 2022/23 the Council's total utility bill amounted to £5,106,702 an increase of £1,410,566 (38.2%) compared to 2021/22 - with buildings constituting the largest element at £4,672,128. Table 5 below gives a breakdown of costs.

Table 5

Utility	21-22	22-23	Difference	%
Heat	£120,070	£141,560	£21,490	18%
Oil	£195,372	£204,952	£9,580	5%
Gas	£688,094	£1,664,088	£975,994	142%
Electricity	£1,816,774	£2,135,121	£318,347	18%
Water	£483,453	£526,407	£42,954	9%
<b>Overall Total - Buildings Only (£)</b>	<b>£3,303,763</b>	<b>£4,672,128</b>	<b>£1,368,365</b>	<b>41.4%</b>
Street Lighting & Unmetered Elec	£392,373	£434,574	£42,201	10.8%
<b>Overall Total (£)</b>	<b>£3,696,136</b>	<b>£5,106,702</b>	<b>£1,410,566</b>	<b>38.2%</b>

5.2 Table 6 shows 2021/22 consumption but costed at 2022/23 rates thus showing the financial saving of the reduction in consumption noted earlier based on stable prices. An overall saving of over £220,000 has been made, the majority of these savings coming from provision of heat.

Table 6

Utility	21-22 kWh with 22-23 Cost	22-23 Actual	Difference
Heat	£170,987	£141,560	-£29,427
Oil	£249,114	£204,952	-£44,162
Gas	£1,812,344	£1,664,088	-£148,256
Electricity	£2,113,742	£2,135,121	£21,379
Water	£544,692	£526,407	-£18,284
Overall Total - Buildings Only (£)	£4,890,879	£4,672,128	-£218,751
Street Lighting & Unmetered Elec	£435,948	£434,574	-£1,374
Overall Total (£)	£5,326,827	£5,106,702	-£220,124

5.3 Cost of Energy

The Scottish Government have a national framework in place with Total Energies Gas & Power for the supply of natural gas, EDF Energy Customers Ltd for electricity and Business Stream Ltd for water. These frameworks have been in place since 2018, 2019 and 2020 respectively, and are used by 98% of Scottish public sector organisations.

5.4 Scottish Procurement (SP) have a Risk Management Committee (RMC) who oversee policy, procedures and the purchasing strategy. Gas and electricity is purchased up to 2.5 years in advance, this has provided a high level of protection by purchasing over a long period of time. SP give the council a fixed wholesale price of gas and electricity for the fiscal year. Therefore the impact of the high cost of energy on the council has been partially mitigated. SP's due diligence means that there are no security of supply concerns for Natural Gas or Electricity. Our suppliers are stable and not exposed to the financial pressures which have seen smaller energy firms collapse.

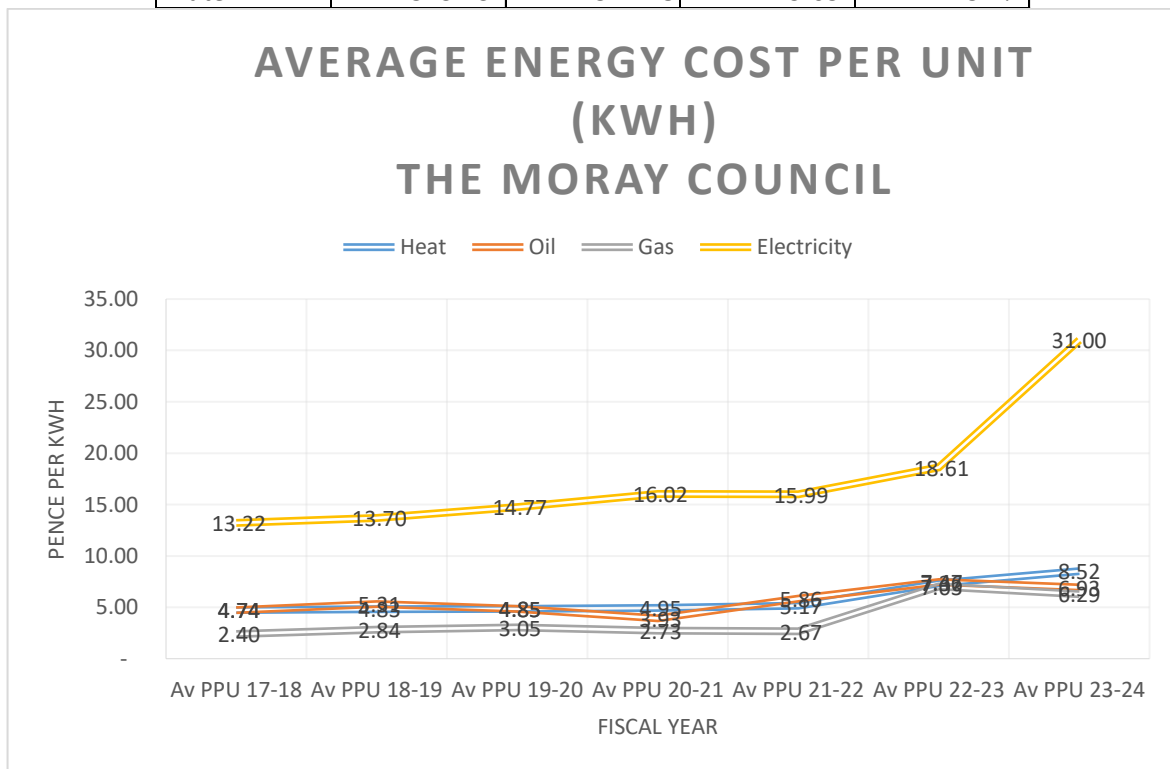
5.5 **The wholesale cost of gas and electricity for Moray Council was fixed for the fiscal year 2023/24 in April 2023. Gas was set at 4.1277p/kWh and Electricity at 16.0169 p/kWh.** This does not include the non-energy charges that are included in the invoices the Council pays. This represents a rise in the price of electricity of 43% and a reduction in the cost of gas by 22%.

Scottish Procurement periodically updates on price forecasts for the electricity and gas contracts. The most recent, Contract notice #56 was released in July 2023. It predicts the cost increase set out below.

	2024-25 Variance to 2023-24	2025-26 Variance to 2024-25
Gas	31%	-22%
Electricity	13%	-7%

5.6 Gas and electricity standing charges vary across the Council’s sites depending on the size and type of the supply. Electricity consumption charges also vary depending on the site and what time of day the electricity is used. Therefore it is not possible to give one simple cost of energy across the entire portfolio. One way to quantify the price is to calculate a pence per unit (PPU) cost. The PPU for this financial year 2023-24 is based on billing up to the end of July. This gives a good idea of the change in energy costs however may change between now and the end of the year as consumption increases over the winter months.

	Av PPU 22-23	Av PPU 23-24	Unit Variance	% Variance
Biomass	7.36	8.52	1.16	13.7%
Oil	7.47	6.93	- 0.54	-7.7%
Gas	7.03	6.29	- 0.74	-11.7%
Electricity	18.61	31.00	12.39	40.0%
Water	513.13	542.18	29.05	5.4%



### Future Budget Guidance

5.7 Using the advice from Scottish procurement and the current inflationary rates some guidance on the future budgets required is set out in table 7. These figures have been arrived at using 2022-23 consumption. Gas, costs have been estimated using the calculator provided by Scottish Procurement. Electricity costs have been arrived at using a percentage uplift. Oil, heat and water have been calculated using CPI rates of 8.7% for April 2023, 6.1% as the rate for uplift for 2023-24 to 2024-25 and 2.6%. Based on the Office of Budget Responsibility’s June 2023 forecast, worst case scenario.



Table 7

<b>Utility</b>	<b>23-24</b>	<b>24-25</b>	<b>25-26</b>
Heat	£153,876	£163,262	£167,507
Oil	£222,783	£236,373	£242,518
Gas	£1,161,541	£1,479,649	£1,195,785
Electricity	£3,053,223	£3,450,142	£3,208,632
Water	£572,205	£607,109	£622,894
<b>Overall Total - Buildings Only (£)</b>	<b>£5,163,628</b>	<b>£5,936,535</b>	<b>£5,437,337</b>
Street Lighting & Unmetered Elec	£621,441	£702,228	£653,072
<b>Overall Total (£)</b>	<b>£5,785,069</b>	<b>£6,638,763</b>	<b>£6,090,409</b>

- 5.8 The figures in Table 7 are estimates based on the available guidance at the time of writing. The actual outturn may vary greatly as consumption changes according to building use, weather conditions and non-energy costs are applied to invoices. The energy markets remain volatile.

Renewable Energy Generation Revenue

- 5.9 The council currently operates 2 biomass heating systems at Speyside and Milne's High Schools and a solar thermal system at Forres Swimming Pool.
- 5.10 For the 2022/23 period the Council received combined Renewable Heat Incentive (RHI) payments of £108,294.

Table 8

<b>Total RHI Income</b>	<b>21-22</b>	<b>22-23</b>	<b>Difference</b>	<b>%</b>
Milnes HS	£52,127	£38,752	-£13,375	-26%
Speyside HS	£49,473	£69,542	£20,069	41%
Forres Pool	£912	£0	-£912	-100%
<b>Total RHI Income</b>	<b>£102,512</b>	<b>£108,294</b>	<b>£5,781</b>	<b>6%</b>

- 5.11 The reduction in payments for Forres Pool relate to a malfunction in the system, then delays in repair due to supply chain issues in getting a replacement pump. The maintenance team are working with the supplier to find a replacement part, so far this has been unsuccessful.
- 5.12 The reduced and increased RHI payments from installations from Milnes High School and Speyside High School respectively are due to a mixture of energy management savings, weather conditions, and the amount of gas or oil used while maintenance work has taken place.
- 5.13 The council operates a single site which benefits from the Feed In Tariff (FIT) scheme. This is the Solar PV array on Elgin High School.

<b>Total FIT Income</b>	<b>20-21</b>	<b>21-22</b>	<b>Difference</b>	<b>%</b>
Elgin HS	£1,938	£1,503	-£435	-29%

### Invoice Processing

- 5.14 All utility invoices go directly to the Energy Team for verification and validation prior to centralised authorisation and payment. The vast majority of utility invoices are received electronically and uploaded directly onto the Council's monitoring and targeting system – TEAM Sigma. The software automatically performs validation checks on the data received, highlighting any abnormalities for the Energy Team to investigate.
- 5.15 During 2022-23 the active management, checking and validation of utility consumptions and invoices identified over £60,545 of erroneous charges which were resolved by the Energy Team.

## **POLICY AND STRATEGY**

- 6.1 The Scottish Government has produced a heat in buildings strategy, outlining the steps they will take to reduce greenhouse gas emissions from Scotland's buildings. The focus of this strategy is on energy demand for space and water heating. **APPENDIX I** of this report is an update to The Moray Council, Energy Policy and Strategy for Non-Domestic Operational Properties. This is a high level strategy that should be reviewed annually by officers and reported to committee for approval.

## **ENERGY INITIATIVES**

- 7.1 In the year 2022-23 energy and water efficiency projects actioned by the energy team had a total capital cost of £8,707. Annually these projects generate revenue savings of £4,546 and a reduction of 2980kg of CO2e. £6,437 of this was funded from the energy budget. The remaining £2,269.86 was awarded after winning a water saving competition from Business Stream.

7.2

Energy Efficiency Projects 2022-23						
Site / Project	Capital cost	Savings	Unit	Annual £ Savings	Annual Kg CO2e Savings	Funding Source
New Elgin Water taps	£2,270	994.5	Water M3	£864	18	Business stream
HQ Corridor lights	£1,200	3369.6	Electricity kWh	£418	711	Energy
HQ Annexe Car park Lights	£4,782	11497.5	Electricity kWh	£2,727	1353	Energy
Larch court LED	£455	2239.64	Electricity kWh	£538	898	Energy
Cedarwood Day Centre Boiler Replacement	£20,000	30,837	Gas kWh	£2,168	399	Maintenance
Totals		17106.74	Electricity kWh			
		994.5	Water M3			
	£28,707	30837	Gas kWh	£6,714	3379	

## Future Energy Initiatives

7.3

Energy Efficiency Projects 2023-24							
Site	Capital cost	Estimated Annual Savings	Unit	Estimated Annual £ Savings	Estimated Annual Kg CO2e Savings	Funding Source	Stage
Cooper Park PC LED Replacment	£1,285.00	1534	Electricity kWh	£429.52	324	Energy	Complete
Hopeman Harbour PC LED Replacement	£893.95	933	Electricity kWh	£261.24	213	Energy	Complete
Rothies PC LED Replacement	£800.00	900	Electricity kWh	£252.00	206	Energy	Scheduled Q3
Moray Resource Centre LED Replacement	£13,300.00	12833	Electricity kWh	£3,593.24	1510	Maintenance	Scheduled Q3
Newmill Primary LED Replacement	£9,939.45	8290	Electricity kWh	£2,321.20	2404	Energy	Scheduled Q3
Buckie Library LED Replacment	£8,822.00	11666	Electricity kWh	£3,266.48	2217	Energy	Planning Q4
Cullen Primary Heating Controls	£700.00	1922	Oil L	£1,562.11	6979	Energy	Complete
Mortlach Primary Heating Controls	£600.00	61599	Gas kWh	£4,373.66	11223	Energy	Complete
Rothiemay PS Heating Controls	£600.00	1509	Oil L	£1,177.35	27396	Energy	Complete
Pinefield Park Boiler Replacment	£5,500	20759	Gas kWh	£1,565.28	3782	Maintenance	Complete
St Thomas Primary School Boiler Replacment	£27,800	43242	Gas kWh	£3,231.56	7878	Maintenance	Scheduled Q3
Anderson Primary Urinal Controls	£1,000	854	W M3	£732.82	85	Energy	Scheduled Q3
Aberlour Primary Urinal Controls	£1,000	854	W M3	£732.82	162	Energy	Scheduled Q3

## 7.4 Energy Awareness

Throughout the year the energy team have engaged with stakeholders to educate them on issues around energy use, increase awareness and promote good behaviour. This has been done through climate change week events, STEM events and visits to schools. In the year 2022-23 a total 1018 people, including pupils and employees, attended one of our group events and workshops.

7.5 The Non Domestic Energy Efficiency Framework – Project Support Unit (NDEE PSU) run by Mott MacDonald are consultants working on the council’s behalf that is grant funded by the Scottish Government (SG). Working with the PSU, a desk top analysis of our building stock was done and ten buildings were shortlisted for auditing. These audits have identified measures that will deliver energy efficiencies in these buildings with a total value just under £11.4m. These measures are what is required to bring these buildings to a condition that is necessary to achieve net zero carbon emissions.

7.6 The Scottish Government announced £20 million in grant funding which will be available under Scotland’s Public Sector Heat Decarbonisation Fund, delivered through Salix. This is match funding of 80% of the cost of projects. It was announced on 25 October 2023 that the portal for applications will open on a date in November, yet to be decided, then closed in a date in December. For successful applications, grant offer letters will be issued from February 2024 onwards. The application can be up to a maximum £2.5m to be utilised across both the 23/24 and 24/25 financial years. The applications will undergo a quality-based assessment and the highest scoring application will be approved for funding. The time of submission will have no impact on the assessment outcome as long as it’s made while the portal is open. In line with Government policy, the applications should take a whole building approach. The Energy Consumption Action Options and Decarbonisation of Corporate Buildings report approved at this Committee on 7 February 2023 approved a recommendation “to grant delegated authority to the Head of Housing and Property Services to apply for funding opportunities if eligible as set out in para 7.2 of that Report” (para18 refers). At the time of that report the Salix funding was via a loan. However, as

stated above, the funding is now in the form of a grant with 20% match funding required by the Council. The work that officers have been doing with Mott Macdonald's Non Domestic Energy Efficiency Support Unit puts us in a position to make a strong application. The support unit will assist with making the application. The fund is likely to be oversubscribed, therefore there is no guarantee of success. Proposals will be subject to internal governance via the Asset Management Working Group before the grant funding application is made when the portal opens and specific committee approval for capital funding commitment will be made prior to committing to the match funding.

### Heat Networks

- 7.7 The ongoing development of the Local Heat and Energy Efficiency Strategy (LHEES), and discussions with partners as part of the delivery of Moray Growth Deal projects, has identified the centre of Elgin as a potential area for a Heat Network Zone. The creation of a heat network in the centre of Elgin is an opportunity to use the Growth Deal as a catalyst to deliver additional benefits for the town centre and act as a learning resource for elsewhere. As the Growth Deal includes buildings which are in close proximity, it is an opportunity to explore the potential to install the infrastructure required. This will allow the buildings to be utilised as anchor loads for a network which could include other buildings such as the Council HQ, UHI Moray campus, Elgin Library, Grant Lodge, businesses, and Dr Grays Hospital. A decarbonised heat network would be an opportunity for public and private buildings to share the cost of moving away from fossil fuel heating. The heat network would be a major innovation to Elgin and the Growth Deal projects would be at the heart of this.
- 7.8 The Scottish Government Heat Network Support Unit (HNSU) can offer 100% of funding for a Feasibility Study. The capital required and financial viability of the heat network will be addressed by the feasibility study. If the project is viable, the HNSU can fund up to 50% of capital costs with the intention to source investment funding for the remaining 50%. In order to attract external investment the project will have to be a large enough scale to make it financially viable. If there is a viable project, the intention would be to create a partnership organisation to drive the project forward and to operate the network. Further update reports will be provided to this Committee, following agreement to progress with the Feasibility Study at the February meeting of this Committee.

## **8. SUMMARY OF IMPLICATIONS**

### **(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan) (LOIP)**

The Energy Policy and Strategy along with actions to minimise the Council's energy use support the aim of the Corporate Plan of a financially stable Council.

The Council's Corporate Plan 2019 – 2024 identifies the environment as a key principle in the delivery of the Council's priorities.

“Environment – look after the world we live in to protect it for the future”

and for Moray Council to be:

“A resource efficient, carbon neutral council that works with partners to mitigate the worst effects of Climate Change, to create a resilient, fair and more sustainable future for everyone within Moray”.

On 10 March 2021 (paragraph 13 of minute refers) the council adopted the Climate Change Strategy, the strategy set a goal of the Council being carbon neutral by 2030. On 6 April 2022 (paragraph 18 of minute refers), the Route Map to Net Zero was approved. This creates a framework for our actions aimed at reducing carbon emissions to net zero by 2030.

**(b) Policy and Legal**

In October 2021 the Scottish Government published The Heat in Buildings Strategy. This sets a target of achieving net zero greenhouse gas emissions by 2045 with interim targets requiring a 75% reduction by 2030, and 90% by 2040.

**(c) Financial Implications**

In 2022/23 the Council's total utility bill amounted to £5,106,702 an increase of £1,410,566 (38.2%) compared to 2021/22.

Unit electricity costs have increased by 40% and gas costs have reduced by 11.7% from 2022/23 to 2023/24.

Energy management measures and weather conditions created equivalent savings of over £220,000 in the year 2022/23.

During 2022/23 the active management, checking and validation of utility consumptions and invoices identified over £60,545 of erroneous charges.

**(d) Risk Implications**

Budget guidance issued in July 2023 by Scottish Procurement indicates that in 2024-25 electricity unit costs are forecast to decrease by 7% and gas unit costs by 22%. However, energy markets remain volatile, there is a significant risk that future prices may change dramatically.

**(e) Staffing Implications**

The workload associated with transforming the Council's property portfolio to net zero carbon is expected to increase year on year.

**(f) Property**

The property implications are as set out in this report.

**(g) Equalities**

There are no equalities implications.

**(h) Climate Change and Biodiversity Impacts**

Updating the EPS to reflect the Councils goals to achieve net zero and the developing LHEES strategy will assist in setting out strategic cohesion in achieving reductions in climate emissions.

**(i) Consultations**

The Head of Housing and Property Services, the Chief Financial Officer, the Head of Economic Growth and Development Services, the Property Asset Manager, the Design and Construction Manager, the Principal Climate Change Officer, the Legal Services Manager, the Equal Opportunities Officer and Lindsey Robinson, Committee Services Officer have been consulted and any comments incorporated in this report as appropriate.

**9. CONCLUSION**

- 9.1 The Council's utility consumptions fell by 7% and utility costs rose by 38% in 2022/23. It should be noted that this decrease can be attributed to energy management measures and warmer than average weather conditions.**
- 9.2 Reductions in energy consumption continue through a programme of energy projects, Energy Management Systems and staff awareness/behaviour changes in the short term as outline within this report. These are necessary to minimise the Council's carbon emissions and energy costs. The energy team continue to progress these actions to reduce consumption and costs.**
- 9.3 The rationalisation of the council's corporate building stock and the way in which we use buildings continues to evolve. The long term energy reduction strategy aligns its goals and actions with this rationalisation, the council's Route Map to Net Zero, and the Scottish Government's Heat in Buildings Strategy.**

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Background Papers:	As referred to in this report.
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