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**REPORT TO: ECONOMIC GROWTH, HOUSING AND ENVIRONMENTAL SUSTAINABILITY COMMITTEE ON 1 DECEMBER 2020**

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

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

## **1. REASON FOR REPORT**

- 1.1** This report presents the Annual Energy Report for 2019/20 and advises Committee on actions to minimise the Council's energy consumption, as well as progress and developments on a number of energy issues.
- 1.2** This report is submitted to the Economic Growth, Housing and Environmental Sustainability Committee following a decision of Moray Council on 17 June 2020 to agree a simplified committee structure as a result of the COVID-19 pandemic. In the case of this committee the combining of the delegated responsibilities of Economic Development and Infrastructure, Community Services (Housing and Property) and Finance (budget, capital and revenue monitoring) (para 9 of the minute refers).

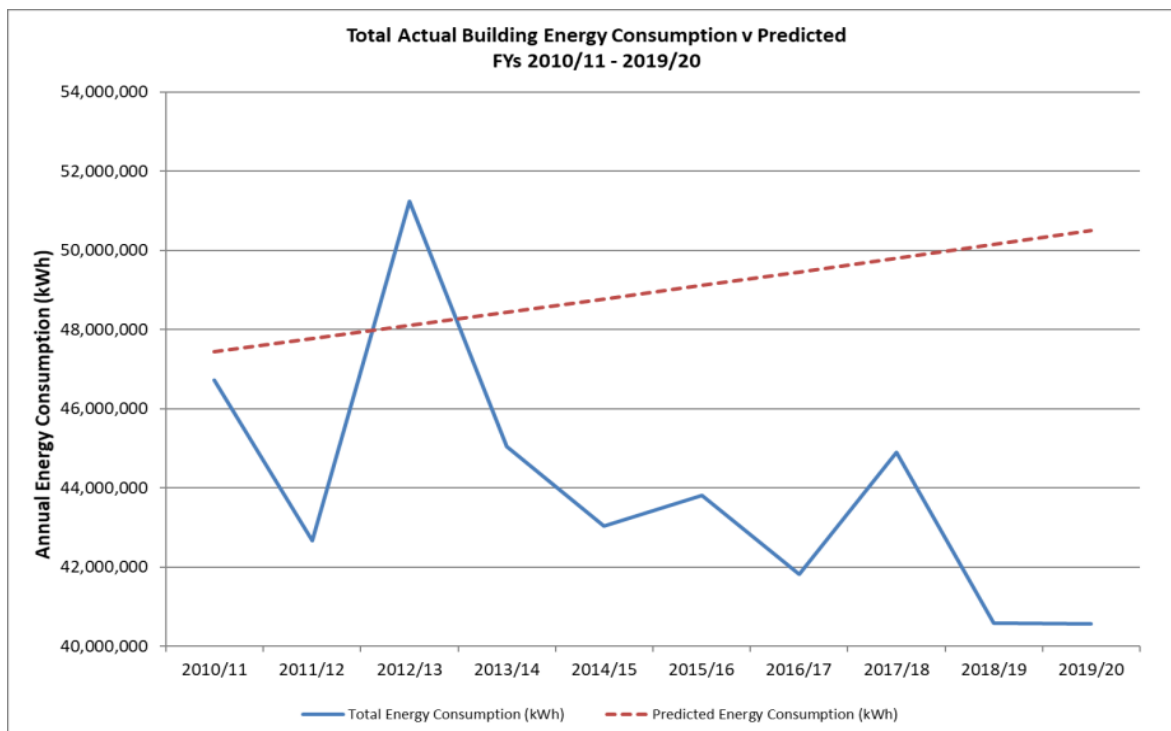
## **2. BACKGROUND**

- 2.1** The 14<sup>th</sup> Annual Energy Report, which relates to 2019/20, is attached to this report as **APPENDIX I** with the main issues summarised below.

## **3. PERFORMANCE**

### Energy Consumption

- 3.1** The Council's energy consumption (excluding street lighting) for 2019/20 was 40,566,264 kWh compared with consumption of 40,584,897 kWh for 2018/19. This is a 0.05% decrease on the previous years' consumption, compared to the target of an annual 2% reduction as set out in the Council's Energy Policy and Strategy.
- 3.2** The graph below shows the Council's total energy consumption for the last 10 years, compared to predicted increases based on Department of Energy and Climate Change advice.



**3.3** **APPENDIX II** shows that gas consumption rose significantly over the summer period 2020 for some schools, primarily attributable to legionella protection and the Domestic Hot Water systems being fully operational throughout the holiday period. Given the unique circumstances we were faced with this is justifiable, however moving forward alternative solutions should be pursued to avoid the additional cost and carbon emissions.

#### Energy Costs

**3.4** In 2019/20 the Council's energy bill at its non-domestic properties totalled £3,207,993 – an increase of £74,794 (2.4%) compared to 2018/19.

**3.5** The percentage increase in energy costs compared to a flat consumption trend reflects increased unit costs incurred for all utilities apart from oil.

#### Carbon Emissions

**3.6** In 2019/20 the Council's carbon emissions for its non-domestic properties amounted to 9,237 tonnes of CO<sub>2</sub>e - a decrease of 898 tonnes of CO<sub>2</sub>e (9%) compared to 2018/19.

**3.7** The following are significant contributory factors to carbon emissions levels:-

- Lower consumptions for oil
- Reduced carbon intensity of grid electricity
- More street lighting provided from LED technology

## 4. ENERGY MANAGEMENT

### Energy Policy and Strategy

4.1 Reducing energy consumption in the Council's non-domestic operational properties by 2% per annum remains the main objective of the Council's current [Energy Policy](#).

4.2 With the Council's declaration of a Climate and Ecological Emergency in June 2019 (para 6 of the Minute refers), combined with the approval of the Draft Climate Change Strategy in September 2020, it is expected that the Energy Policy and Strategy will be reviewed/superseded in 2021/22. It is anticipated that energy performance of non-domestic buildings will be included within future corporate Climate Change performance reporting.

### Building Energy Management System (BEMS)

4.3 There are BEMS systems in 33 Council buildings and the Energy Team use them to regularly monitor temperatures in buildings, identify anomalies early and adjust heating settings accordingly. BEMS are now being used to assist water safety management in producing concise information reports on hot water storage temperatures. This is planned to be expanded to monitor cold water storage and flow temperatures as and when it can be integrated into other works.

### Energy Awareness

4.4 As detailed in Section 6.1 of **APPENDIX I**, various energy awareness briefings and training sessions were carried out in 2019/20, including presentations at staff inductions and school assemblies/ eco groups. These reached 78 council staff and over 390 pupils. Other initiatives have included regular articles in the staff Connect magazine and posters. Participation in Earth Hour, traditionally March, was cancelled in 2019/20 due to the pandemic.

### Energy Audits

4.5 In 2019/20 the Energy Team carried out audits at 5 properties. This resulted in a number of energy saving measures being implemented and potential energy saving projects being identified.

### Utility Invoice Processing

4.6 Almost all utility invoices relevant to the non-domestic council estate are processed by the Energy Team; over 13,000 in 2019/20. The active management, checking and validation of utility consumptions and invoices identified over £60,500 of erroneous charges in 2019/20.

### Projects

4.7 Projects carried out in 2019/20 and potential future energy saving projects are set out in **APPENDIX III**. Over 30 individual energy saving projects and initiatives were carried out in 2019/20 and the costs and estimated annual savings are detailed in the Appendix. Future energy saving projects currently being considered are also detailed. A number of projects were scheduled to be undertaken at the end of 2019/20 in conjunction with the Easter school

holidays. However the Covid-19 lockdown resulted in delays and postponements into 2020/21.

- 4.8** In accordance with a recommendation from a 2018/19 Internal Audit of the Energy Section with respect to CRC and energy management procedures the remaining recommendation to consider adopting more accuracy validators within the Sigma software was completed during 2019/20. Following successful completion of a trial, an additional 5 validators are now in routine use.

## **5. SUMMARY OF IMPLICATIONS**

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

The Energy Policy and Strategy and 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”.

### **(b) Policy and Legal**

Climate Change (Scotland) Act 2009 places a duty on public bodies to act in a way they consider most sustainable and in the way best calculated to deliver emission reduction targets set in the Act.

### **(c) Financial/Risks Implications**

In 2019/20 the Council's energy bill for non-domestic properties was £3,207,993 – an increase of £74,794 (2.4%) compared to 2018/19.

During 2019/20 electricity and gas prices rose by 7.8% and 7.5% respectively. Oil prices fell by 8.6%. Budget guidance issued in June 2020 by Scottish Procurement indicates that in 2020/21 electricity unit costs are forecast to increase by 3.7% and gas unit costs to decrease by 2%, whilst in 2021/22 electricity will decrease by 1% and gas increase by 4% compared to 2019/20. This would cumulatively increase the Council's costs by £7,800 compared to 2020/21.

A number of Council properties have been closed for varying periods as a result of COVID-19 during 2020/21. However, increases in energy consumption are likely due to the requirement to ventilate schools during winter. Officers are monitoring the situation.

During 2019/20 the active management, checking and validation of utility consumptions and invoices identified over £60,500 of erroneous charges.

In recent years electricity non-energy costs (a mixture of fixed charges and others relating to transmission, metering etc.) have accounted for an increasing element of the overall charge and for 2019/20 amounts to 59%.

These costs are predicted to continue to increase, as energy consumers rather than taxpayers, meet the costs of moving to a low carbon society, as well as infrastructure improvements. Allied to anticipated increases in consumption charges (per kWh) overall energy costs are set to rise in coming years.

Unit charges for gas consumption accounted for 79%, whilst the indirect charges accounted for approximately 21% of the Council's overall gas costs.

£15,000 was allocated in the Council's 2019/20 capital plan and £19,200 in the Council's revenue plan for energy saving projects and awareness raising initiatives, although officers will also continue to take forward spend to save proposals. Energy projects at non domestic buildings and awareness raising form part of the Draft Climate Change Strategy Action Plan and it is expected that future funding will be considered by the Council within that context.

**(d) Staffing Implications**

The Energy Officer continues to be heavily involved in work on the Council's draft Climate Change Strategy and Action Plan in 2020/21 which has reduced the time he has been able to commit to Energy duties.

**(e) Property**

The property implications are as set out in this report.

**(f) Equalities**

There are no equalities implications.

**(g) Consultations**

The Acting Head of Housing and Property, the Chief Financial Officer, the Head of Development Services, the Design Manager, the Legal Services Manager, the Equal Opportunities Officer and the Democratic Services Manager have been consulted and any comments incorporated in this report as appropriate.

**6. CONCLUSION**

**6.1 The Council's utility consumptions fell by 0.05% and utility costs increased by 2.4% in 2019/20.**

**6.2 There is still potential for reductions in energy consumption through a programme of energy projects, property rationalisation, use of Building Energy Management Systems and staff awareness/behaviour changes. These are necessary to minimise the Council's carbon emissions, energy costs and the associated impact of the Climate Change Levy.**

Author of Report:  
Background Papers:  
Ref:

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As referred to in this report.  
Energy/ rep 181002