Norfolk County Council
at your service

Corporate Resources Overview and Scrutiny Panel

Date:	**Tuesday 15 October 2013**
Time:	**10:00am**
Venue:	**Edwards Room, County Hall, Norwich**

Persons attending the meeting are requested to turn off mobile phones.

Membership

Mr C Jordan (Chairman)

Mr S Clancy
Ms E Corlett
Mr A Dearnley
Mr P Hacon
Mr S Hebborn
Miss A Kemp
Mr I Mackie
Mr J Mooney
Mr R Parkinson-Hare
Mr A Proctor
Mr D Ramsbotham
Mr W Richmond
Mr B Spratt
Mrs A Thomas
Mr B Watkins
Mr T White

Cabinet Members (Non-voting)

Mr S Morphew	Finance, Corporate and Personnel
Mr D Roper	Public Protection (Public Health)

For further details and general enquiries about this Agenda please contact the Committee Officer:
01603 222966 or email committees@norfolk.gov.uk

For Public Questions and Local Member Questions please contact:
Committees Team on committees@norfolk.gov.uk or telephone 01603 222966

A g e n d a

1. **To receive apologies and details of any substitute members attending**

2. **Minutes** **(Page 5)**

   To receive the minutes of the meeting held on 3 September 2013.

3. **Members to Declare Disclosable Pecuniary Interests (DPI) and Other Interests**

   If you have a **Disclosable Pecuniary Interest** in a matter to be considered at the meeting and that interest is on your Register of Interests you must not speak or vote on the matter.

   If you have a **Disclosable Pecuniary Interest** in a matter to be considered at the meeting and that interest is not on your Register of Interests you must declare that interest at the meeting and not speak or vote on the matter.

   In either case you may remain in the room where the meeting is taking place. If you consider that it would be inappropriate in the circumstances to remain in the room, you may leave the room while the matter is dealt with.

   If you do not have a Disclosable Pecuniary Interest you may nevertheless have an **Other Interest** in a matter to be discussed if it affects:

   - your well being or financial position
   - that of your family or close friends
   - that of a club or society in which you have a management role
   - that of another public body of which you are a member to a greater extent than others in your ward.

   If that is the case then you must declare such an interest but can speak and vote on the matter.

4. **To receive any items of business which the Chairman decides should be considered as a matter of urgency**

5. **Public Question Time**

   Fifteen minutes for questions from members of the public of which due notice has been given.

   Please note that all questions must be received by the Committee Team (committees@norfolk.gov.uk or 01603 223230) by **5pm on Thursday 10th October 2013**. For guidance on submitting public questions, please view the Council Constitution, Appendix 10.

6. **Local Member Issues/Member Questions**

   Fifteen minutes for local members to raise issues of concern of which due notice has been given.

Please note that all questions must be received by the Committee Team (committees@norfolk.gov.uk or 01603 223230) by **5pm on Thursday 10th October 2013**.

7. Cabinet Member Feedback

8. 2013/14 Resources Finance Monitoring Report **(Page 13)**

Report by the Interim Head of Finance

9. Scrutiny Forward Work Programme **(Page 21)**

Report by the Head of Democratic Services

10. Opportunities for Income Generation **(To follow)**

Report by the Head of Finance

11. Report of the Constitution Advisory Group **(Page 24)**

Report by the Chairman

12. Carbon and Energy Reduction Programme Report for 2012/13 **(Page 36)**

Report by the Director of Environment, Transport and Development

13. Energy & Carbon Management Programme 2014-2020 **(Page 48)**

Report by the Director of Environment, Transport and Development

Group Meetings

Conservative	9:00 am	Colman Room
UK Independence Party	9:00 am	Room 504
Labour	9:00 am	Room 513

Chris Walton
Head of Democratic Services
County Hall, Martineau Lane, Norwich, NR1 2DH

Date Agenda Published: 7 October 2013

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Norfolk County Council
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Corporate Resources
Overview and Scrutiny Panel

Minutes of the Meeting Held on Tuesday 3 September 2013
10:00am Edwards Room, County Hall, Norwich

Present:

Mr C Jordan (Chairman)

Mr B Bremner
Mr R Coke
Ms E Corlett
Mr A Dearnley
Mr T Garrod
Mr I Mackie
Mr J Mooney
Mr A Proctor
Mr R Parkinson-Hare
Mr D Ramsbotham
Mr W Richmond
Mrs M Somerville
Mr B Spratt
Mr B Watkins
Mr T White

Non-Voting Cabinet Members:

Mr S Morphew Finance, Corporate and Personnel

1 Apologies and Substitutes

1.1 Apologies were received from Mr S Clancy (Mrs M Somerville substituting), Mr P Hacon (Mr B Bremner substituting), Mr S Hebborn (Mr R Coke substituting), Mrs A Thomas (Mr T Garrod substituting) and Mr D Roper.

2 Minutes

2.1 The minutes of the meeting held on 16 July 2013 were approved and signed by the Chairman.

3 Declarations of Disclosable Pecuniary Interests (DPI) and Other Interests

3.1 There were no declarations of interest.

4 Items of Urgent Business

4.1 There were no items of urgent business.

5 Public Question Time

5.1 There were no public questions.

6 Local Member Issues/Member Questions

6.1 There were no Local Member Issues/Member Questions.

7 Cabinet Member Feedback

7.1 There was no Cabinet Member feedback.

8 2013/14 Resources Integrated Performance, Finance and Risk Monitoring Report

8.1 The annexed report (8) by the Head of Planning, Performance and Partnerships and the Head of Finance was received. The report provided an update on performance, finance and risk monitoring for services within Corporate Resources, and presented information on managing change, service performance, managing resources and improved outcomes for Norfolk people.

8.2 During the discussion the following points were raised:

- It was confirmed that income generation formed part of the budget consultation. Shared services formed the majority of the income for the department, and income from these would be included in the next update report on that area.

- It was confirmed that the £4.2M investment in frontline Children's Services would be drawn from the Finance General balance, and that scrutiny of how that sum was spent would sit with the Children's Services Overview and Scrutiny Panel.

- A planned £2.3M in Children's Services, as part of the 2014/15 budget proposals, had been taken into account when considering the overall funding gap.

- Recovery of investments made in Icelandic banks was controlled by their administrators and the Icelandic government. The Council was working closely with the Local Government Association as the lead body, however the only action available was to lobby for recovery as quickly as possible.

- Sustainability of the carbon reduction programme would be reported to the October Panel meeting. Although targets were challenging, good value for money had been key in helping achieve this.

- It was confirmed that there was no change in policy regarding the County Farms estate, and that this remained of importance to the Council. It was noted that agricultural land remained a good long term investment, and that the Council had recently allocated holdings to new tenants on ten year farm business tenancies.

8.3 The Panel **RESOLVED** to note the report.

9 Scrutiny Forward Work Programme

9.1 The Panel received the annexed report (9) by the Head of Democratic Services. The report asked Members to review and develop the programme for scrutiny. It was noted that a report on recruitment of senior managers would be presented in November, and a suggestion was made that the Norfolk Energy Futures Ltd Annual Report could be moved to November, to allow a report on opportunities for income generation in October.

9.2 During the discussion the following points were raised:

- It was confirmed that senior management structure proposals were being developed for the organisation. Arrangements for both the short- and long-term were being considered, acknowledging that different skills could be required during a period of change to those required to take the organisation forward. It was confirmed that an update on recruitment of senior managers would be given at the next Panel meeting.

9.3 The Panel **RESOLVED** to note the report and **agreed**:

- ➢ That a full report on the recruitment of senior managers would be presented in November, with an interim update by the Cabinet Member in October;
- ➢ That a report on opportunities for income generation would be presented in October;
- ➢ That the Norfolk Energy Futures Ltd Annual Report would be presented in November.

10 Norfolk County Council's Usage of Water – Update Report

10.1 The annexed report (10) by the Head of Democratic Services was received. The report provided an update on progress in implementing the recommendations from the scrutiny working group. It was confirmed that this would be the final update report.

10.2 During the discussion the following points were noted:

- A good working relationship had been developed with Anglian Water as a result of the scrutiny, which would benefit the Council as well as schools in the future.
- There had been delays to the implementation of revised tariffs, relating to the control and management of premises. Where premises were in the sole control of the Council, decisions to change tariff could be taken with the Premises Manager. Schools were invited to agree via an opt-in arrangement, and work was underway with the Schools Forum to facilitate this. The most cost effective ways of making savings were being explored, and penalties for lower use were being carefully considered, with some premises being taken out of the scheme if savings may not be achieved. A regular tariff review arrangement was being set up with the water suppliers.
- The review of tariffs provided a real opportunity for savings for the Council and schools.

10.3 The Panel **RESOLVED** to note the report and **agreed**:

- ➢ That future reporting of progress should be included within the performance, finance and risk monitoring report;
- ➢ That progress of work with schools to achieve the Council-wide target would be

reported to the Children's Services Overview and Scrutiny Panel via the performance and finance monitoring report.

11 Norfolk County Council Workforce Profile

11.1 The annexed report (11) by the Head of Human Resources and Organisational Development was received. The report provided a profile of the current workforce and highlighted some of the future key workforce planning challenges facing the Council.

11.2 During the discussion the following points were noted:

- The variances in employee numbers showed an increase in staff within the Resources department as many staff from other directorates had been moved into shared services functions, for example finance, procurement, public consultation etc, which sat within Resources.

- Recording of reasons for staff departure from the organisation relied on input of text when selecting the 'other reason' box. The method of asking questions of this nature was regularly reviewed.

- Data on the age of staff leaving for new employment was not recorded.

- A comprehensive programme of support was available for staff who were approaching redundancy or retirement, which included CV writing, interview skills and starting a business. This support had been well received.

- The pilot commissioned by Community Services to support proactive management of staff absence was being reviewed. Before this could be rolled out further, resource implications would need to be explored. A targeted approach could be taken with departments experiencing challenging absence levels.

- No anecdotal evidence had been received that there was any correlation between the possibility of redundancy and increased staff absence. All departments had experienced a reduction in numbers of staff, and support was in place to improve sickness absence rates.

- An employee survey was being planned for later in the year. Staff morale and engagement were also assessed through various reference groups, where feedback was gathered and acted upon.

- The Bradford Factor pilot had informed the approach to sickness absence, and assisted with revising processes and trigger points. This had been taken forward through the work undertaken with Community Services.

- The planned recruitment of 40 social workers was a direct response to the OFSTED improvement plan, which gave just six months to improve. Gaps were being filled with professional, experienced teams of agency social workers who could provide immediate and effective support. The process of permanent recruitment had already begun.

- It was acknowledged that the pension strain costs associated with redundancy were also a significant cost and that this factor was taken into account in any decision to accept volunteers for redundancy. Members requested that pension strain costs were also shown in the report in future.

11.3 The Panel **RESOLVED** to note the report.

12 County Hall Maintenance Programme

12.1 The annexed report (12) by the Head of Finance was received. The report provided information for Members on the key aspects of the County Hall maintenance programme.

12.2 During the discussion the following points were noted:

- It was suggested that a working group could be set up to oversee the maintenance programme and associated costs.

- It was suggested that once the refurbishment was complete, opportunities for income generation from the building should be explored.

- It was acknowledged that the refurbishment of the building needed to achieve a fit-for-purpose facility suitable for the twenty first century, while remaining cost effective. Opportunities to bring forward the internal refurbishment to dovetail with the external maintenance were being explored.

- Although six monthly update reports were being suggested, this would only report on routine matters; any urgent or significant matters would be reported to the next Panel meeting.

- A reduction in the number of staff would be not be a consequence of the refurbishment of County Hall, but would be a likely result of the forthcoming funding gap. The County Hall maintenance programme would bring new ways of working, with opportunities to rent office space to both the public and private sector. Staff office requirements would be met before consideration of rental opportunities.

- A report would be provided detailing the breakdown of works, timelines and added opportunities. Future reports would give an update on the budget for the project. Costs were being discussed with the Cabinet Member, with a view to affordability without reducing the outcome of the programme. A report would be presented to the November Panel meeting giving more in depth details of the project.

- Staff engagement was a key element of the project, with regular communication and liaison with staff. Staff moves were being managed with careful preparatory work.

- Travel to work options were being reviewed as part of the overall County Hall campus project. Staff were actively encouraged to use public transport or to walk or cycle.

- The overall plan was for a model of three office hubs in the county, in King's Lynn, Norwich and Great Yarmouth.

12.3 The Panel **RESOLVED** to note the report and **agreed**:

- That a report would be presented to the November meeting giving more in depth details of the project.
- That update reports would be presented at six monthly intervals from March 2014.
- That any urgent or significant issues requiring Member involvement would be reported to the Panel separately as required.

13 Update on delivery of the Norfolk Community Engagement Framework Action Plan

13.1 The annexed report (13) by the Consultation and Community Relations Manager was received. The report presented a summary of how the Norfolk Community Engagement Framework 2012-14 and two year action plan was developed, and reported progress on its delivery. It was noted that the Your Voice consultation panel was made up of a cross section of 6,000 Norfolk residents. Your Voice was a partnership initiative which the district councils bought into, and provided an opportunity to advertise or consult with Norfolk residents to gain a representation of views. There was on average one involvement or consultation opportunity per week. It was confirmed that this would be one of many tools to promote and gain feedback on the budget proposals.

13.2 During the discussion the following points were noted:

- There were around 800 members of the Your Voice Panel in each district area. Contact with Your Voice members could be targeted by postcode area, so a good geographical spread could be gained.

- All 12 partners in the Your Voice initiative were from the public sector, with no partners from the voluntary sector. It was noted that the partnership cost would outweigh the benefit for the voluntary sector. Potential expansion to the private sector could be explored.

- Concern was expressed that a section of the population without means of electronic communication could be missed. Although the system was principally online, it was possible to carry out postal involvement and consultations. However it was suggested that as participants were required to register online, those without access to the internet could miss this opportunity. Postal addresses were taken on registration, so postal involvement and consultation could take place.

- The Norfolk Association of Local Councils had engaged in delivering a bespoke session on how consultation could benefit the parish and town council sector. Further opportunities were planned, including media and communication training opportunities. Norfolk County Council had a role as an enabler, where there was expertise to be shared. However, a query was raised as to whether this was duplicating the work of the Norfolk Association of Local Councils.

- Greater engagement via social media was supported, and acknowledged as an increasingly important communication channel. Facebook had been used to promote the Youth Parliament elections, which had shown that a high number of young people had learned about the election process. Facebook and Twitter would be used throughout the budget consultation period, and Twitter particularly gave an opportunity to cascade information via retweets.

- Accessibility was an important issue, and Your Voice was just one of many ways of promoting the budget consultation. Other opportunities would include face to face contact at events, and a lot of work had been put in to devising a programme of engagement activities to reach those without IT.

- It was felt that the use of Your Voice would generate a high level of responses from interested people. It was important to reach a wide demographic through a variety of modern methods of communication.

13.3 The Panel **RESOLVED** to note the report:

14 Other Comments Relating to the Remit of the Panel

14.1 A suggestion was made that, in relation to the review of the system of governance currently being undertaken by the Constitution Advisory Group, the Group could be split into two, with a Conservative sub-group tasked with exploring an enhanced Cabinet, and the remaining Groups exploring a Committee system. It was confirmed that the Leader of the Council had commissioned CAG to explore and compare all options.

14.2 The Cabinet Member agreed to re-circulate an update on plans for the former RAF Coltishall site.

The meeting concluded at 11.25am.

CHAIRMAN

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Report to Corporate Resources Overview and Scrutiny Panel
15 October 2013
Item no 8

2013/14 Resources Finance Monitoring Report

Report by Interim Head of Finance

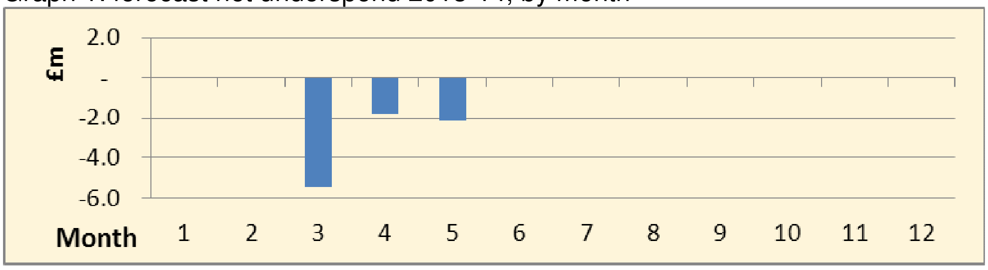
Executive Summary

- This report provides an update on finance monitoring for services within Corporate Resources.

Revenue Budget

- The overall revenue budget for this panel was -£598.147m at the end of August 2013, against which there was a forecast net underspend of -£2.140m. The graph below shows the month by month trend.

Graph 1: forecast net underspend 2013-14, by month



- Against the overall County Council revenue budget, there was a forecast net underspend of -£1.650m at the end of August.

Reserves and Provisions

- The combined earmarked balances for this panel are forecast to decrease from £55.614m to £48.966m at the end of March 2014. The Council's reserves and provisions (excluding schools) are forecast to total £94.276m at the 31st March 2014. All of these reserves are earmarked for specific purposes. In addition, the Council is required to hold a reserve which is not earmarked (General Balances). The current level of this reserve is £20.811m.

Capital Budget

- The overall capital budget for this panel was £20.851m at the end of August 2013. At present, no slippage or underspend is forecast. The Council's total capital programme was £191.458m, against which there was an underspend of -£0.387m forecast at the end of August.

Action Required

Members are asked to note progress and to consider whether any aspects contained within this report should be identified for further scrutiny.

1. Managing our resources

Managing the budget

1.1 This Panel is responsible for monitoring the capital budgets, revenue budgets and provisions and reserves for Shared Services, Public Health and the corporate budgets in Finance General.

Revenue Budget

1.2 Chief Officers monitor their cash limited budgets throughout the year and report the position to the Head of Finance. Chief Officers have responsibility for managing their budgets within the amounts approved by County Council. They have been charged with reviewing all of their cost centres to ensure that, where an overspend is identified, action is taken to ensure that a balanced budget is achieved for the year. The overall approved revenue budget for this panel was £-598.147m at the end of August 2013. There is a forecast net underspending of £-2.140m against this.

1.3 Details of the overall budget and the forecast outturn are shown in the table below.

Division of service	Approved budget £m	Forecast Outturn £m	Forecast +Over/- Underspend £m	Forecast +Over/ Underspend as % of budget	Variance in outturn since last report £m
Resources:					
Coroners, Elections & Registrars	1.532	1.532	0.000	0.00%	0.000
Democratic & Legal services	1.326	1.325	-0.001	0.00%	-0.001
Human Resources shared service	5.833	5.833	0.000	0.00%	0.000
Chief Executive	0.406	0.406	0.000	0.00%	0.000
Programme Management Office	0.990	1.098	0.108	0.22%	0.108
Planning, Performance & Partnerships	2.295	2.295	0.000	0.00%	0.000
Customer Service & Communications	5.414	5.414	0.000	0.00%	0.000
ICT Services	17.843	17.843	0.000	0.00%	0.000
Finance	7.941	7.941	0.000	0.00%	0.000
Procurement	1.660	1.660	0.000	0.00%	0.000
Property Services	3.053	3.053	0.000	0.00%	0.000
County Farms	0.027	0.027	0.000	0.00%	0.000
Public Health	0.006	0.006	0.000	0.00%	0.000
Sub-total:	**48.326**	**48.433**	**0.107**	**0.22%**	**0.107**

Finance General:					
Norse	-0.625	-0.625	0.000	0.00%	0.000
Net interest receivable & payable	30.976	28.056	-2.920	-0.45%	-0.460
Members Allowances	1.314	1.314	0.000	0.00%	0.000
Land Drainage & EIFCA precept	1.260	1.260	0.000	0.00%	0.000
Capital Accounting adjustments	-45.774	-47.014	-1.240	-0.19%	0.000
Pension Fund Deficit Payment	6.346	6.346	0.000	0.00%	0.000
Organisational Review	5.197	5.197	0.000	0.00%	0.000
Specific Government Grant Income	-4.859	-7.146	-2.287	-0.35%	0.000
Other miscellaneous	1.329	5.529	4.200	0.65%	0.000
General Government Funding, RSG, Precept & NDR income	-641.637	-641.637	0.000	0.00%	0.000
Sub-total	**-646.473**	**-648.720**	**-2.247**	**-0.34%**	**-0.460**
Overall Total:	**-598.147**	**-600.287**	**-2.140**	**-0.36%**	**-0.353**

1.4 Details of the variances relating to the overall net underspending of -£2.140m are shown in the tables below.

Resources £0.107m overspend (budget £48.326m)

Area of budget	Forecast Variance Total £m	Forecast Variance Movement £m	Variance as % of approved budget	Reasons for variance
Democratic & Legal services	-0.001	-0.001	0.00%	Saving on Complaints Advocacy.
Programme Management Office	0.108	0.108	0.22%	Additional forecast costs of County Hall decant.
Total	0.107	0.107	0.22%	

Finance General -£2.247m underspend (budget -£646.473m)

Area of budget	Forecast Variance Total £m	Forecast Variance Movement £m	Variance as % of approved budget	Reasons for variance
Interest receivable/ payable	-2.920	-0.460	-0.45%	The deferral of borrowing has reduced borrowing costs resulting in a net interest

				saving, offsetting the lower interest earned on investments and the repayment of transferred debt.
Capital accounting adjustments	-1.240	0.000	-0.19%	Saving on a revised debt repayment calculation due to slippage in the 2012-13 capital programme after the 2013-14 budget was approved.
Specific Government Grant Income	-2.287	0.000	-0.35%	Government refund of 2012-13 amount deducted from formula grant for schools converting to academies.
Other miscellaneous	4.200	0.000	0.65%	Investment in frontline Children's Services approved by Cabinet on 5th August 2013.
Total	-2.247	-0.460	-0.34%	

Icelandic Banks

1.5 The Administrators of Kaupthing Singer & Friedlander (Ernst & Young) are due to issue their latest 6 monthly progress report in October/November 2013.

1.6 Landsbanki and Glitnir banks are subject to Icelandic administration. A fourth distribution was received from Landsbanki on 12th September 2013 totalling £0.797m. Distributions made have been received in various foreign currencies and converted to Sterling on the day of receipt.

1.7 The Icelandic Krona (ISK) element of these distributions is subject to currency restrictions imposed by the Icelandic Government. The Local Government Association and Bevan Brittan (the appointed lawyers) are currently working on making these funds available to us at the earliest possible date. These funds now total £1.729m (£1.607m from Glitnir and £0.122m from Landsbanki) and are held in third party escrow accounts in Iceland earning interest.

1.8 The recovery values (presented in the table below) have been adjusted to incorporate gains and losses on foreign exchange movements.

1.9 The recovery process continues to be monitored by the Treasury Management Panel. The cost of litigation has been shared on a pro-rata basis between local authority creditors. The Council's total contribution up to the 31st March 2014 is estimated to be £0.212m (£0.011m in 2013-14). The latest projected cash recovery from all 3 banks is £32.376m. Details are provided in the table below.

	Original Investment (£m)	Current Claim (£m) *	Recovery (%)	Recovery (£m) **	Received (£m)
Landsbanki	5.000	£5.297	100%	£5.199	£2.768
Landsbanki	5.000	£5.262	100%	£5.164	£2.749
Landsbanki	5.000	£5.289	100%	£5.215	£2.787
Glitnir	2.500	£2.670	100%	£2.646	£2.110
Glitnir	5.000	£5.330	100%	£5.283	£4.212

Kaupthing	5.000	£5.167	85.25%	£4.405	£4.083
Kaupthing	2.500	£2.618	85.25%	£2.232	£2.068
Kaupthing	2.500	£2.618	85.25%	£2.232	£2.068
	£32.500	£34.251		£32.376	£22.845

*Claims include principal and interest

** Recovery levels are adjusted for realised foreign exchange gains and losses up to the September 2013 Landsbanki distribution and, unrealised foreign exchange gains and losses, bank charges and escrow interest as at 31 March 2013.

Capital programme

1.10 The capital programme, unlike the revenue budget, is monitored over the life of the schemes rather than a single year. This reflects the life of the projects and their funding and, the financial consequences of the programme and, is consistent with the approach required for medium term planning and the prudential code. The overall capital budget for the services reported to this panel was £20.851m at the end of August 2013. No slippage or underspendings are currently forecast. A breakdown is shown in the table below.

Scheme or programme of work	Approved 2013/14 capital budget £m	Forecast 2013/14 capital outturn £m	Variance since the previous Report £m	Total (Under)/ Over Spend £m	Reasons
Offices	13.624	13.624	0.000	0.000	
Norfolk Work Style	0.095	0.095	0.000	0.000	
Carbon Management Programme Pot (CERF)	3.595	3.595	0.000	0.000	.
Property Management	0.111	0.111	0.000	0.000	
County Farms	0.000	0.000	0.000	0.000	
Corporate Minor Works	2.460	2.460	0.000	0.000	
Community Construction Fund	0.966	0.966	0.000	0.000	
Total	20.851	20.851	0.000	0.000	

Reserves and Provisions

1.11 The level of the Council's reserves and provisions is monitored continually during the year. The current forecast position for this Panel is set out in the table below.

Reserve/ provision	Balance at 31-03-13 £m	Forecast Balance at 31-03-14 £m	Variance since last report £m	Total Variance £m	Reason for variance
Insurance Provision	12.394	12.394	0.000	0.000	
Potential Pension Liability Provision	1.270	1.270	0.000	0.000	
Redundancy Provision	5.138	5.069	-0.001	-0.069	Use of provision to meet redundancy & pension strain costs payable in 2013/14.
Building Maintenance	1.051	0.776	-0.275	-0.275	Includes transfer of funds to County Hall project.
Insurance Reserve	0.017	0.017	0.000	0.000	
IT Earmarked Reserve	5.873	5.735	0.014	-0.138	Use of funds held re Members services.
Repairs and Renewals Fund	0.514	0.514	0.000	0.000	
Usable Capital Receipts	1.587	1.455	-0.241	-0.132	Level held is dependent on the level of receipts used in funding the Capital Programme.
Industrial Estate Dilapidations	0.010	0.010	0.000	0.000	
Strategic Partnership	0.486	0.017	0.000	-0.469	Monies spent in accordance with the agreement reached through the Norfolk LGA.
Modern Reward Strategy Reserve	6.210	6.210	0.000	0.000	
Strategic Ambitions Reserve	1.169	1.258	0.012	0.089	Amalgamation of PMO reserves & CERF revenue costs.

Organisational Change & Redundancy Reserve	7.277	6.275	0.005	-1.002	Includes transfer of funds to support Workstyle & ECMS delivery programme.
Icelandic Banks Reserve	5.735	2.235	0.000	-3.500	Use approved by County Council on the 18th February 2013.
Norfolk Infrastructure Reserve	2.378	2.131	-0.247	-0.247	Drawdown to support borrowing on a number of projects.
Unspent Grants & Contributions	0.317	0.169	-0.087	-0.148	Use of Public Health & Healthwatch grants.
Car Lease Scheme	1.155	0.433	0.028	-0.722	Use approved by County Council on the 18th February 2013.
NDR Reserve	2.500	2.500	0.000	0.000	
NPLAW Operational Reserve	0.245	0.245	0.000	0.000	
Community Construction Fund	0.072	0.000	-0.072	-0.072	Use on management fees payable in 2013/14
Archive Centre Sinking Fund	0.216	0.253	0.037	0.037	Expected contribution in 2013/14.
Total	55.614	48.966	-0.827	-6.648	

2. Equality Impact Assessment (EqIA)

2.1 This report provides a summary of financial information on a wide range of activities monitored by the Corporate Resources Overview and Scrutiny Panel. Many of these activities have a potential impact on residents or staff from one or more protected groups. Where this is the case, an equality assessment has been undertaken as part of the project planning process to identify any issues relevant to service planning or commissioning. This enables the Council to pay due regard to the need to eliminate unlawful discrimination, promote equality of opportunity and foster good relations.

2.2 Details of equality assessments are available from the project lead for the relevant area of work, or alternatively, please contact the Planning, Performance and Partnerships team.

3. Section 17 – Crime and Disorder Act

3.1 There are no direct implications of this report for the S17 Crime and Disorder Act.

4. Conclusion

4.1 There is a projected overall net revenue underspend of -£2.140m against the budget of -£598.147m. The balances on reserves and provisions are projected to decrease from £55.614m to £48.966m during the year. No variances are currently forecast against the overall capital budget of £20.851m.

5. Action Required

5.1 Members are asked to note progress and consider whether any aspects should be identified for further scrutiny.

Background papers

Officer Contacts:

If you have any questions about matters contained in this paper please get in touch with:

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Corporate Resources Overview & Scrutiny Panel
15 October 2013
Item No. 9

Scrutiny Forward Work Programme

Report by the Head of Democratic Services

Summary

This report asks Members to review and develop the programme for scrutiny.

Action requires

Members are asked to:

i) consider the Outline Programme for Scrutiny and agree the scrutiny topics and reporting dates

ii) consider new topics for inclusion in line with the criteria at para 1.2

1. Developing the programme for scrutiny

1.1 The Outline Programme for Scrutiny has been updated to show changes from that previously submitted to the Panel on 3 September 2013.

Added – County Hall Maintenance Programme – Financial Implications

Deleted - None

1.2 Members of the Overview and Scrutiny Panel can add new topics to the scrutiny programme in line with the criteria below:

(i) High profile – as identified by:

- Members themselves (through meetings with constituents etc)
- Public (through surveys etc)
- Media
- External inspection

(ii) Impact – this might be significant because of:

- The scale of the issue
- The budget that it has
- The impact that it has on members of the public (this could be either a small issue that affects a large number of people or a big issue that affects a small number of people)

(iii) Quality – for instance, is it:

- Significantly under performing
- An example of good practice
- Overspending

(iv) It is a Corporate Priority

2. Section 17 – Crime and Disorder Act

2.1 The crime and disorder implications of the various scrutiny topics will be considered when the scrutiny takes place.

3. Equality Impact Assessment

3.1 This report is not directly relevant to scrutiny, in that it is not making proposals that will have a direct impact on equality of access or outcomes for diverse groups.

4. Other Implications

4.1 Officers have considered all the implications which Members should be aware of. Apart from those listed above, there are no other implications to take into account.

5. Action required

Members are asked to:

i) consider the Outline Programme for Scrutiny and agree the scrutiny topics and reporting dates

ii) consider new topics for inclusion in line with the criteria at para 1.2

Outline Programme for Scrutiny

Meeting date	Topic	Administrative business
12/11/13	**Norfolk Energy Futures Ltd Annual Report** **The process for recruiting senior managers at Norfolk County Council** **County Hall Maintenance Programme – Financial Implications** **Constitution Advisory Group Interim Report**	To examine the company's first Annual Report on its way to Cabinet
13/1/14	**Compliments and Complaints Service – April to September 2013 –** performance review **Shared Services Six Monthly Progress Report** **Improving Customer Service: Six Monthly Progress Report**	Six-monthly reporting. Last report in July 2013. Last report in June 2013. Last report in June 2013.
10/3/14	**County Hall Maintenance Programme: Six Monthly Progress Report**	Last report in September 2013

Scrutiny items completed by the Panel during past year:

- Post Offices (July and November 2012)
- Arrangements for managing risks to Norfolk County Council arising from the outsourcing and commissioning of services (November 2012)
- The Council's policy for responding to claims for compensation arising from accidents on public footways (November 2012)
- Business Process Re-engineering (March 2013)
- Public Sector Pensions (March 2013)
- The County Council's Usage of Water (September 2013)

Officer Contact: If you have any questions about matters contained in this paper please get in touch with Keith Cogdell 01603 222785 keith.cogdell@norfolk.gov.uk

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Corporate Resources Overview and Scrutiny Panel
15 October 2013
Item No. 11

Report of the Constitution Advisory Group

Report of the Chairman

Summary/Action Required
This report sets out the work undertaken so far by the Group and asks the Panel to consider and issues raised and to decide if it wishes to provide any guidance to CAG.

1. Background

1.1 On 24 May 2013, Council agreed the following motion:

- "In principle to change the Council's form of governance in accordance with Section 9K and 9KC of the Local Government Act 2000 to a committee form of governance as provided in Section 9B (1) (b) of that Act and
- In furtherance of that objective, to instruct the Corporate Resources Overview and Scrutiny Panel (CROSP) to constitute and make appointments to the Constitution Advisory Group (CAG) and to further instruct CROSP to receive CAG's deliberations and prepare an urgent report to the Council concerning a change to the committee system of governance."

1.2 On 13 June 2013, Corporate Resources OSP received a report which set out the decision of the Council. The Panel resolved:

- That the Constitution Advisory Group be made up of 6 members - 3 Conservative (Cllrs Jordan, Proctor and Thomas), 1 UKIP (Cllr Parkinson-Hare), 1 Labour (Cllr Walker), 1 Liberal Democrat (Cllr Strong).
- That a quorum of 3 would apply for meetings.
- That named substitutes would be appointed to the Group.
- That the Chairman of the Corporate Resources Overview and Scrutiny Panel would Chair the Constitution Advisory Group.

2. Governance Options

In law, the only governance arrangements the Council could adopt are:

a. Executive Arrangements

(Strong Leader and Cabinet or Elected Mayor and Cabinet). The hybrid model (or the Kent Model as it is sometimes known) comes under this category, as it is still an executive arrangement.

The main features of this system are as follows:

- A local authority which has adopted executive arrangements must ensure that its executive takes the form specified in section 9C (2) of the Local Government Act 2000. An executive is responsible for certain functions of a local authority and executive arrangements require a division between the making of a decision and the scrutiny of that decision.
- An executive can be either a:

  Mayor and cabinet executive (an elected mayor of the authority and two or more councillors of a local authority appointed by the elected mayor).

  or

  A leader and cabinet executive - a councillor of the authority (executive leader) elected as leader of the executive by full council and two or more councillors of the authority appointed by the executive leader.

- A local authority executive can only have up to a maximum of ten members unless an alternative number has been specified by the Secretary of State in regulations.
- An executive does not have to be politically balanced – it can be a single party body if the Leader so chooses.
- The Executive is responsible for most day to day management of the authority's functions. It may take those decisions collectively as a cabinet, by delegating to a cabinet committee, cabinet member or by delegating to an officer.
- The Full Council sets the budget and major policy framework. Some functions of a planning and licensing nature are also non-executive.
- A Scrutiny Committee must be established and non executive councillors appointed to it. Its role is to hold the executive to account. It can under certain circumstances delay the implementation of executive decisions but it cannot overturn them.

b. <u>A Committee System</u>

The main features of this system are as follows:

- There is no "executive" set up to carry out day to day management of the authority.
- The Full Council sets up committees to deal with different functions and delegates decision making to these committees and / or to officers.
- There is therefore no split between executive and non-executive functions – all functions are council functions.
- Under the committee system no delegations to individual councillors are possible.
- Each committee and sub-committee must be politically balanced unless the Council decides "nem con" otherwise.
- There is no legal requirement to set up a scrutiny committee although the Council may if it wishes set up a committee with scrutiny type or similar functions.

3. Starting the Process

3.1 John Cade of the Institute of Local Government at Birmingham University was commissioned to facilitate a session on Friday 2 August, where he spent the afternoon with 27 members from all political groups and a small group of officers covering the following:

- Some background to the introduction of the Cabinet System
- What members considered to be the "Democratic Deficit" of current Governance arrangements
- How could the quality of decision making improve or change under a Committee system?
- What members believe are the more general benefits that would come from the adoption of Committee arrangements
- What would be the key features we would need to build into a new system

3.2 The final part of the session with INLOGOV was for members to set out what features they would wish to see in a Committee system. Some members pointed out that these should apply to any system of governance. These features are in no particular order nor do they reflect the degree of importance given to each of the features.

1. Greater decision making at Council (e.g. large strategic decisions).
2. Openness and transparency and greater involvement in governance.
3. Greater partner involvement.
4. More efficient, clearer, with decisions taken at appropriate level – whilst being mindful of the needs of the outside world.

5. Clear expectations of behaviour and culture need to be set out in a structure.
6. Retain strong scrutiny.
7. Make sure speedy decision-making remains.
8. Cross-party representation.
9. Make best use of Members' knowledge/interest/skills
10. Right number of committees.
11. Annually take a decision on the appointment of the Leader.

3.3 A number of members made the point that the above principles and features could be achieved through changing the way the current system worked as well as moving to a committee style of governance. It was noted that whilst structures were important, cultures and behaviours were equally so. Members are mindful of the Centre for Public Scrutiny Briefing 4 "Changing Governance Arrangements" which is clear that any governance system allows for both good and bad practice. It states "*Any system relies on the goodwill and ability of those involved - Councillors and Officers - to be effective. Returning to the Committee system will not automatically lead to more open, democratic decision making. But equally, a blind adherence to the suggestion that the Cabinet/Scrutiny split always works as intended is a flawed argument too*."

4. Constitution Advisory Group, 28 August 2013

4.1 The Group noted that if the Council passes a formal resolution to move to a Committee form of Governance, then there is a window of opportunity that opens at the next AGM. Therefore, any formal resolution would need to be to that effect. In order to meet the 2014 AGM timetable, the following process was agreed at the first meeting of CAG:-

First Meeting of CAG	28 August 2013
Second meeting of CAG	11 September
Third Meeting of CAG	27 September
Interim Report to Corporate Resources OSP	15 October 2013
Fourth meeting of CAG	22 October
Fifth Meeting of CAG	31 October
Full report to CROSP	12 November 2013
Report from CROSP to Council	25 November 2013

4.2 If Council on 25 November 2013 resolves to move to a Committee system of Governance, then detailed work will be undertaken on changes to the Constitution which will be brought to Council for consideration in March 2014, with a view to any new form of governance coming into effect from the AGM in May 2014.

4.3 CAG therefore met on 28 August, considered the outputs from the INLoGoV seminar and asked officers to report to the next CAG with possible models of both enhanced executive arrangements and a new Committee system.

5. Constitution Advisory Group Meeting held on 11 September 2013

5.1 Members developed their high level thinking as to the possible configuration of structures. They also considered the functions of Council as they currently stand and in particular the Policy Framework. Members looked at 3 possible options.

5.1.1 The Nottinghamshire County Council Committee system

5.1.2 The Nottinghamshire model is that with the exception of day-to-day operational matters, all decisions of the Council are taken either at Full Council involving all 67 County Councillors, or by committees. Committees are comprised of councillors, to reflect the political balance of the Council. The Council has appointed 26 Committees/Sub Committees

- Adult Social Care and Health Committee
- Appeals Sub-Committee
- Audit Committee
- Children and Young People's Committee
- Community Safety Committee
- Corporate Parenting Sub-Committee
- Culture Committee
- Economic Development Committee
- Environment and Sustainability Committee
- Finance and Property Committee
- Grant Aid Sub-Committee
- Health Scrutiny Committee
- Planning & Licensing Committee
- Joint Committee on Strategic Planning & Transport
- Joint City/Council Health Scrutiny Committee
- Local Joint Resolutions Committee
- Nottinghamshire Pension Fund Committee
- Pensions Investment Sub-Committee
- Pensions Sub-Committee
- Personnel Committee
- Policy Committee
- Public Health Sub-Committee
- Rights of Way Committee
- Senior Staffing Sub-Committee
- Health and Wellbeing Board
- Transport and Highways Committee

5.1.3 Council only determines (broadly) those functions reserved to it by the law. The Policy Committee takes decisions on policy and cross cutting issues.

5.2 The Kent County Council Hybrid System

5.2.1 Whilst the Kent system is in legal terms still an Executive System, it overlays a system of "committees" to address member involvement concerns. However, what it does not do is allow members on the various committees to have the final decision. Kent County Council's system introduces a Cabinet Policy Advisory Committees (CPAC) style approach. Each Cabinet member has a committee advising him/her on any issues within their remit and all member decisions before they are taken. Decisions by Cabinet members must have gone through the appropriate CPAC first.

5.2.2 The Kent Model is an Executive form of governance, but aims to allow non-executive members of all political groups to input into the decisions that were previously the exclusive preserve of Cabinet Members.

5.2.3 The system introduced seven new Cabinet Policy Advisory Committees. All Members have the chance to shape policy decisions and service design, but decisions will still be made formally by Cabinet Members. Oxfordshire County Council has recently adopted a 'hybrid' model based on a CPAC style approach with an advisory committee for every two Cabinet members.

5.3 Enhancing the Current System

5.3.1 In addition to options for Committee governance, members asked for suggestions as to how the current system could be changed to address the concerns of members. In particular, members were keen that strategic issues could be considered at Council meetings. Critical to recommendations on a system of governance is to bottom out whether members wish to **debate** issues or **decide** on them. If members wish to allow Council to have a **debate** before some decisions are taken by the Executive, then it is possible to build this into a structure, but there needs to be both a clear process and definitions to allow this to work well.

- Firstly, it is important to be able to identify what sort of decisions be put before the Council for debate. Members have referred to "strategic" issues, so if that is to be implemented then we will need to create a definition for this. Strategic decisions are important in terms of the actions taken, the resources committed, or the precedents set. Coming up with a definition and clear criteria will be important
- Secondly, it will be necessary to be clear as to how that is triggered.

- Thirdly, it will be necessary to set out who can trigger it - should it be a number of members, Group Leaders, a core set of members established for the purpose or some other system?

5.4 Members decided that they did not wish to pursue the hybrid system as a separate option, but concentrate on a Committee system and "improved status quo". Officers were asked to mindful when developing these models of any features of the hybrid model that may be of benefit.

6. Constitution Advisory Group 27 September 2013

6.1 CAG met on 27th September to consider both options for a Committee system and an enhanced executive model. Members have made it clear they do not intend to "return to the Committee system", but to develop a governance system that is fit for the environment the Council operates in, being mindful of the main concerns expressed by the Audit Commission over the shortcomings of previous systems:

- Lack of strategic thinking - i.e. members could be involved in micro management
- Over elaborate - i.e. too many committees
- Slow (the bureaucracy gets in the way of the business)
- In practice was controlled by the majority group, with the Chairmen of Committees acting as a de facto Cabinet

6.2 Members considered a report which set out issues for discussion to help members think through how they could develop a Committee system for Norfolk. There is a wide spectrum of committee structures for members to consider and the freedom to tailor it to our own specific requirements is significant. Effectively there is a range of options for us to deliberate on. At one end is the fully fledged committee system with heavily empowered Committees with significant autonomy, little co-ordination and little individual delegation. Moving along this spectrum there is the full committee system with a strong Policy and Resources Committee to deal with cross cutting issues and provide co-ordination. Some "fourth option" councils (i.e. those small councils exempt from the requirement to implement an executive system) adopted a streamlined committee system with fewer committees and greater delegation together with a retained O and S function. Although not a Committee system in the legal sense, there is also the Cabinet Policy Advisory Committee approach which is contained within the Kent model.

6.3 In terms of configuring a Committee structure for Norfolk a number of options were identified:

- Thematic - i.e. Committees that cut across services

- Programme/Service based - i.e. aligned to Directorates or covering specific areas or activity (such as Children's Services)
- Any other model of configuration that may be appropriate for local circumstances. - for example the Council's strategic ambitions.

6.3.1 A Thematic Structure - to configure the structure on a thematic basis, so the committees could address cross cutting issues such as "People Services", "Place", "The Environment", "Norfolk's Economy". This might allow greater join up and may also be more facilitative of partnership working. It could also address the possibility of developing silos. There are a number of ways of structuring such a system, and could be aligned to the priorities set out in "Putting People First" or any other cross cutting strategic objectives.

6.3.2 A Programme based Committee System - to align the committees to the directorates (or the outcome of the Senior Management Review). Whilst the results of this are currently unknown, taking the current structure would give a Committee system that could look like:

- Children's Services Committee
- Community Services Committee (including Adult Social Services)
- Environment, Planning and Transportation Committee (including Economic Development)
- Corporate Resources Committee
- Fire and Rescue Committee

6.3.3 It was also suggested that Committees could be developed on the basis of the current configuration of Cabinet portfolios - i.e.

- Adult Social Services
- Communities (Adult Education Museums, Libraries, Customer Services)
- Economic Development
- ETD and Waste
- Finance, Corporate and Personnel
- Public Protection
- Safeguarding Children
- Education and Schools

6.3.4 In addition to whatever structure members decide on for the main committees, there is the option to have a Policy and Resources Committee sitting above or alongside them. Members noted that if a Policy Committee was required, they would need to consider how they would balance the relative roles of Council and Policy Committee.

6.4 Building up a Structure

6.4.1 Regardless of the model we choose, there would be a number of other committees to take account of the functions of the County Council -

again there are a number of ways of configuring them, but looking at other Councils suggest it would look something like:

- Norfolk Health Overview and Scrutiny Committee
- Health and Wellbeing Board
- Planning Regulatory
- Norfolk Police and Crime Panel
- General Purposes
- Community Safety Committee
- Audit (and Standards?)
- Personnel (and Staff Appeals Sub)
- Norfolk Records Joint Committee
- Pensions
- Joint Museums and Archaeology
- Norfolk Parking Partnership

6.5 Members debated the relative merits of the thematic/programme based structure. The Group were not convinced of the thematic/cross cutting approach and gave examples of where this had been tried before and not delivered benefits. Specifically, balancing the size of the remits of the Committees was raised - for example, a "people" Committee could take in both Children's Services and Adult Social Services

6.6 The Group also discussed the appropriate level of delegation to officers and also how to translate any current individual member decision making into a new system. It was generally concluded that the current officer scheme of delegation was probably at the right level and the key elements could remain in any Committee structure without too much amendment, at least for its initial stages, whilst recognising it would need to be reviewed after a period of operation.

6.7 Members did not come to any conclusions on the following:

- The role of the Leader of the Council
- A role for a Policy and Resources Committee
- The role of the Council
- Frequency of meetings
- The role of Scrutiny
- Area based decision making
- Urgency

6.8 Conclusions for CROSP

6.8.1 At this stage in their deliberations, Members generally concluded that it was becoming very clear that the magnitude of the task they had been charged with and the timetable they were considering to implement a Committee system in time for the AGM in 2014 may well be incompatible. All members were clear that getting the right system for

Norfolk was the most important critical success factor. Members were clear that a new system had to be implemented at an AGM, but nowhere was it specified that it should be the 2014 AGM - that was a task this group had initially set itself. It was also noted that once a new system of governance had been implemented, it could not be changed for at least 5 years. Some members were concerned that the Council could rush into agreeing to move to a Committee system in just 8 weeks without any certainty that a workable system could be developed in time for the AGM in 2014.

6.8.2 Members did not get as far as considering possible improvements that could be brought to the existing system. There were 2 main areas that the Group had identified that members will wish to make sure are addressed in future governance. Firstly, that some strategic decisions should be considered where possible at Council, and secondly, greater member involvement generally.

- One suggestion was to allow for Council to debate issues before a formal decision is taken by the Cabinet - in effect there would be a system to call in a "strategic decision" for debate, which would need to be built into the decision making process
- Secondly, a system of "Cabinet Policy Advisory Committees" which consider issues before the Cabinet Members take the decision, but are only advisory. It is suggested that it may be possible to look at ways of strengthening the role of these Committees to address members' concerns. They would be a politically balanced group of members who would form a "committee" aligned to each portfolio. These could be chaired ex officio by the portfolio holder who would not have a vote. These groups of members would make "decisions" which would then be signed off by the Cabinet Member.

6.8.3 Members did not come to any firm conclusions on these issues, but would wish to do so before making any final report to CROSP or the Council

7. Conclusions

7.1 The Group has met 3 times and reviewed possible Committee systems and improvements to the current system. Members have made some progress, but are clear that getting the right system for Norfolk may take longer that was initially anticipated.

7.2 Whilst the Group is minded to favour a service/programme based committee system over a thematic system and initially considers that the current scheme of delegation could be translated across to a new system, there are still uncertainties such as the outcome of the senior management review that the Group would wish to take into account. The Group noted that this was to be considered at the meeting of full Council on 25 November 2013

7.3 The Group intends to give the Council both a possible committee system and an enhanced status quo to allow Council to make an informed choice. The Group is not confident it that it can make sufficiently advanced proposals to CROSP or Council in November 2013 as to future structures of governance. Any resolution to move to a new system of governance made after November 2013 would not allow sufficient time for the required detailed work on a new constitution, public consultation etc to be undertaken in order to change the governance by the AGM in 2014.

8. Implications

8.1 Section 17 - Crime and Disorder: None arising directly from this report

8.2 Any other implications: Officers have considered all the implications which members should be aware of. There are no other direct implications to take into account as this report simply sets out the results of the deliberations of the Group for members to consider

9. Equality Impact Assessment

9.1 This report is not making proposals which will have an impact on equality of access or outcomes for diverse groups.

10. Background Papers

10.1 None

11. Action Required

11.1 The Panel is recommended to note the work undertaken so far by the Group and asks the Panel to consider and issues raised and to decide if it wishes to provide any guidance to CAG.

Councillor Cliff Jordan
Chairman of the Constitution Advisory Group

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Corporate Resources Overview and Scrutiny Panel

15 October 2013
Item No. 12

Carbon and Energy Reduction Programme
Report for 2012/13

Report by the Director of Environment, Transport and Development

Summary

This report provides a progress update on the Council's carbon and energy reduction programme. The foundation of the programme is to achieve a target of a 25% reduction in NCC's carbon footprint by 2014/15. This represents a value of 23,658 tonnes of carbon dioxide (this is 25% of the figure of our carbon total, 94,632 tonnes as of the year 2008-09, which was the baseline for the target).

A great deal has been achieved through the Carbon and Energy Reduction Programme thus far and it is hoped the Council will, in the coming years, benefit significantly from the investment in energy efficiency measures across its estate and operations to ensure that the authority is resilient to changes in the energy market

In 2012/13 we have seen a significant increase in expenditure on energy to £14,413,211, an increase of £2,180,902 over the previous year. In addition, we have seen the predicted energy price rises that affected energy cost throughout the year. Average energy price rises were 11.5% for gas and 10% electricity, compared to the previous year's energy price rises of 9% for gas and 6.5% on electricity.

For the second time, based on the authorities' carbon footprint, the £12 per tonne levy, that is part of being involved with the obligatory Carbon Reduction Commitment (CRC), had to be paid to the regulator (the Dept for Energy and Climate Change). This was £678,000 for the year to March 2013 (with £541,273 covering the impact from schools and paid for by the Dedicated Schools Grant).

The continuing challenges we face are: deteriorating winter weather; sustaining improvements in behaviour change, addressing impacts from travel and transport; managing the net floor space of the Council's estate and impacts from investment in street lighting. However, overall, the impact of 2012/13 performance has had a negative effect on the previous good performance. Even so, reaching the reduction the reduction target by April 2014 is still considered achievable.

Action required

The Panel is asked to consider:

1. The reductions in non-schools building, and Traffic and Street Lighting energy use and support the continued delivery of the Carbon & Energy Reduction Programme to meet its obligations and address ongoing energy costs**.**
2. The marketing to schools other options to finance energy improvements, including considering the package developed by Norse Energy Ltd as an alternative approach to carbon reduction
3. Further delivery improvements, in the areas indentified in Section 6 of this report.

1.0 Background

1.1. Norfolk County Council has a target to reduce its operational carbon footprint by 25% by April 2014 (compared to the original 2008-09 baseline year) as part of its ongoing carbon management programme. NCC also has ongoing statutory commitments under the national Carbon Reduction Energy Efficiency Scheme (CRC). In support of this it has submitted its year 3 Annual Report and Evidence Pack by the normal July deadline.

1.2. The Council had previously attained the Carbon Trust Standard in December 2010. During the last financial year (2012-13) it was reassessed to the Standard. Keeping the standard was seen as beneficial as it was linked to league table maintained by government. However, going forward, its benefit is not critical to ongoing performance within the CRC, and a decision has been made to let it lapse in due course.

A key factor of the Carbon Reduction Programme is supporting projects to improve the building stock. This is delivered through the Carbon and Energy Reduction Fund (CERF). This has progressed well, with 563 projects completed, underway or being assessed (as of June 2013), at a total cost of £10.7m, with the bulk of its focus on the school estate. Some services are demonstrating the benefit of this investment, particularly the Fire Service locations.

1.3. 2012/13 is the third reporting year for the Council's carbon footprint under the CRC Energy Efficiency Scheme. The Council is required to pay a tax for each tonne of carbon emissions produced. The current tax liability is £12/tonne. The tax liability for the 2012-13 was £678,102.

1.4. In addition to the above requirements, the Council is required to produce a Greenhouse Gas Report for Government. 2012/13 is the third year of this obligation and the submission date is the same as for the CRC report (end of July 2013). This was submitted on time and is covered in more detail later in this paper.

2.0 Departmental carbon emissions

Highlights from the overall performance relative to the target are listed below:

To date From April 2012 to March 2103, in contrast to the previous year, a significant increase in energy consumption and the carbon footprint has taken place. This is partly due to the sustained period of cold weather from late autumn to early spring. This increase is 6101 tonnes greater than the previous year, predominantly attributed to a major increase in buildings consumption.

The increase breaks down as below:

- 11.2% Increase on buildings energy (equivalent to 6716 tonnes of carbon, though non-school buildings showed a reduction of 1.9%)
- 1.1% increase in travel and transport (equivalent to 64 tonnes of carbon, though of this vehicle fleets increased by 501 tonnes against a reduction in business mileage of 437 tonnes – 14.3%)
- 5.3% reduction in Traffic and Street lighting electricity (equivalent to 680

tonnes of carbon)

- 14.8% increase in school buildings (equivalent to 6962 tonnes of carbon). The footprint for schools now exceeds the level at which they started the programme.

Going forward, we have now to reduce our carbon by a further 14.4% - the equivalent of 13,673 Tonnes if we are to meet the target by March 2014. Achieving this will be a challenge within one year. A simplified breakdown of performance can be seen in the following table.

Norfolk County Council Carbon Dioxide emissions (in tonnes)

Category	2008-09 (baseline)	Target level by 2014.	2012-13 actuals
NCC total	94,632	70,974	84,647
Buildings total	74,882	56,162	66,585
- buildings, non-schools	21,903	16,427	12,550
- buildings, schools	52,979	39,734	54,035
Traffic & Streetlighting	12,293	9,220	12,103
Transport	7,457	5,593	5,959

Appendix A provides a fuller summary of carbon performance from the 08/09 Baseline year to 2012-13 and all intervening years.

2.1 Energy Cost

The property portfolio energy cost for 2012-13 was £14,413,247 This shows an increase of £1,653,473 from 2012-13. There are a number of reasons for this, not least the increase in the price of energy. In addition, an evaluation of the winter periods going back to the start of the programme, showed that the autumn/winter of 2012/13 sustained the longest period of cold weather in recent years.

Year	Energy Cost	% change year on year
2008.-.09	17,749,887	
2009-10	14,849,334	-16%
2010-11	13,249,398	-11%
2011-12	12,232,309	-8%
2012-13	14,413,211	+18%

The long-term prognosis for energy cost suggests that the price will continue to rise year-on-year. ESPO has predicted energy price rises for the coming year (2013-14) of 8-10% for electricity, and 6-8% for gas

Irrespective of the carbon benefits at the heart of the programme, it remains fundamentally an efficiency programme and is the primary means whereby the Council and schools can optimise their efficiency, at the same time as offsetting, as far as possible, the ever-rising costs of energy.

2.2 Compared against the 2008-09 Baseline (94,632 Tonnes) the total carbon footprint sits at 10.6% below the starting point. To reach the 25% target, a further reduction of 13,673 tonnes is required.

2.3 However, against this challenge, it must be noted that the footprint of the portfolio is likely to increase through new building projects in the forthcoming year. This is a continuing tension and has played a part in the performance of previous years, with an underlying trend of a continuing increase in the footprint of buildings, where new build outweighs the rate of disposal. The increase in school floor space is a major component of this.

School floor space is projected to grow in the current year, but mostly due to new build in two academy high schools.

The former 'Energy Busters' programme in primary schools and the 'Energy Futures' programme in high schools, have now come to a close. The final report at the end of August 2013 showed while differences could be seen in the use of energy between programme and non programme schools, when comparing the 2012-13 carbon footprint to the baseline year, there were marginal differences. With non programme primary schools showing the greatest overall reduction.

3.0 Carbon and Energy Reduction Fund (CERF)

3..1 The overall CERF budget from 2009/10 – 12/13 is £9,840,000, with a further £4.55M is allocated from 2013/14 to 2014/15. Projects are currently being developed to deliver these over the next two later years, though this investment will focus on the corporate estate, including County Hall, as the earmarked work on schools has been completed. For an overview of project spend by service area, see appendix B. Included with this is an more detailed analysis of the projects covered under this programme. To date (14 June 2013) 563 CERF projects have been identified and are at various stages of progress, totalling a potential value of £10.739m (£8.025m spent on projects completed).

3.2 Schools

It is worth highlighting the performance of schools as they form the bulk of the impact.

Currently, energy use in schools accounts for approximately 81% of the total building-related energy used by County Council properties. Of these, some schools, such as foundation schools are not owned by the County Council, and an increasing proportion (of high schools) are leased away as academies.

In all cases, the management and control of energy within schools rests with the Governors of the school and their management teams but actual use is highly dependent upon behaviours within the whole school community for success. The thrust of the County Council interventions is to address the efficiency of buildings in the context of programmes to support and embed behavioural change. This has been driven through the approaches developed through teams within Children's Services.

A fuller analysis of schools impacts is seen at appendix C.

4.0 The Carbon Reduction Commitment (CRC)

4.1 The Carbon Reduction Commitment Energy Efficiency Scheme (CRC) is a statutory scheme, developed as a result of the Climate Change Act 2008.

4.2 2012/13 is the third reporting year for the Council's carbon footprint under the CRC Energy Efficiency Scheme. The Council is required to pay a tax for each tonne of carbon emissions produced. The current tax liability is £12/tonne. This has been paid to the Department for Energy and Climate Change (DECC), the responsible government department overseeing the CRC. The tax liability for the year was £678,102. Of this, £541,273 is attributed to schools (including academies).

The schools' component is payable from the Dedicated Schools Grant, , rather than by the County Council. However, the liability for academy schools is also the responsibility of the authority, though it has no direct control over these schools.

Comparison of carbon tax from 2011-12 to 2012-13

Building type	**CRC tax for 2011-12**	**CRC tax for 2012-13**
Schools	£476,473	£541,273
Non-schools	£173,711	£136,829
Total	£650,184	£678,102

4.5 There are still some uncertainties concerning changes that could impact on the CRC. The main issue is the projected increase in tax per tonne of carbon emitted. This is likely to be on a cost escalator, with a planned starting cost at £16/Tonne in Phase 2 from April 2014.

5.0 Greenhouse Gas (GHG) Report

5.1 Since July 2010 the Dept for Energy and Climate Change (DECC) has required all local authorities to produce a Greenhouse Gas report. This differs again from the way the carbon footprint is measured under the CERP programme, or is reported under the CRC.

5.2 The GHG report allows a broader spectrum of emissions to be catered for, such as direct emissions associated with methane and indirect impacts associated with the supply chain. NCC Greenhouse Gas report for 2012-13 was submitted by the end of July 2013 deadline.

5.3 For the GHG report there are levels of mandatory and discretionary reporting. For example, supply chain impacts currently are discretionary are not included in the NCC footprint as this impact is difficult to track. However, as NCC actively manages 22 closed landfill sites (we are responsible for 152) which is a discretionary category, they are reported as the data was available.

In addition all levels of transport emissions are reported. Overall, therefore, this has resulted in a carbon footprint of 103,785 tonnes. This is an increase of 14,542 over the previous year when the footprint was 89,243 tonnes.

6.0 Improving Delivery

6.1 In addition to the roll out of the CERF programme and the implementation of the schools-related interventions, success in meeting the target and reducing the Council's CRC liability will continue to depend on:-

- Fast-tracking the disposal of surplus property (subject to recommendations from the Property Working Group, currently this adds up to 14,075m^2 (at June 2013).
- Explore more innovative methods for funding energy efficiency improvements on the county estate.
- Ensuring that optimising energy efficiency is central to decisions surrounding all aspects of NCC property maintenance, acquisitions or expansion/new build.
- A greater use of data available to track energy management
- Continue to drive forward behaviour change towards greater energy efficiency and reduction.
- Investigate and roll-out opportunities to reduce the impacts associated with business travel, including determining better solutions for data capture.
- Reducing the impacts of the owned fleet of vehicles. Transport in the fullest sense is a significant aspect of the overall carbon footprint of the authority.
- Explore the wider take-up of renewable energy.
- A separate paper covers an extension to the existing reduction target beyond 2014.

7.0 Conclusions

7.1 This has been a challenging year, not helped by the winter weather conditions. However, while costs and consumption have increased over the previous year, they are still at a level below the start of the programme. Energy prices continue to rise, and the carbon reduction programme has enabled the authority to offset and minimise the impacts of these costs. It is hoped that the investments to date will enable the authority to be best placed to field any future increases.

The programme is at a point where consideration needs to be made as to how it is structured going forward. The changing nature of the relationship with schools, and the approach that central government has taken with respect to the role they play from a carbon perspective, within the building portfolio, suggests that a different approach needs to be considered on how this is handled. However, given the potential reductions available within the school estate, the expected reductions have not been realised.

A great deal has been achieved through the Carbon and Energy Reduction Programme thus far and the Council will, in the coming years, benefit significantly from the investment in energy efficiency measures across its estate and operations.

There remains, however, a continuing need to encourage wider engagement in energy efficiency measures across the authority to ensure emissions are reduced, financial penalties are minimised, and financial savings are realised, with perhaps a greater recognition to its contribution within the wider efficiency agenda.

8.0 Resource Implications

8.1 **Finance :** The Statutory levy (the CRC) is based on energy consumption, as set out in Section 4 of the report. This shows that for the financial year 2012/13, the tax liability was £678,102, and was covered through Finance general funds.

8.2 **Staff:** Gathering data and managing the programme engaging staff across the services. Data management and monitoring is supplied by the Norse Group through the existing SLA.

8.3 **Property:** Schedules of the technical improvements to buildings that will be made through the £9.38m Carbon and Energy Reduction Fund have already been reported.

8.4 **IT:** New software is in place (E-Sight). Building managers and others are able to monitor energy consumption directly and in near real time.

9.0 Other Implications

9.1 **Legal Implications**

9.2 The Climate Change Act 2008 imposed legal responsibility on organisations, public and private. As far as NCC is concerned, these obligations, specifically supporting the delivery set out in the CRC. In addition, there is the requirement to provide an annual Greenhouse Gas Report for the Department of Energy & Climate Change.

9.3 **Human Rights:** None.

9.4 **Equality Impact Assessment (EqIA)**

The work that is the subject of the report does not have a direct impact on equalities.

9.5 **Communications:**

Effective communication will be a key element of behaviour change, and picked up within programme initiatives.

9.6 **Health and safety implications:** None.

9.7 **Environmental Implications:**

The overall programme is designed to reduce the carbon footprint of the County Council's operations and is central to the authority's approach to climate change mitigation.

9.8 **Any other implications**

The Carbon Management Programme has clear synergy with the existing 'Workstyle' Programme and cost reduction programmes.

9.8 **Section 17 – Crime and Disorder Act Implications:** None

10.0 Risk Implications/Assessment

10.1 The key areas of risk include:

- Rising energy bills and financial penalties under CRC if consumption isn't curbed
- Damage to image and reputation,
- Financial and legal risks associated with non-compliance with CRC requirements.
- The existing trajectory of school performance poses a risk to meeting the reduction target.

10.2 The Risk Register assigns an amber risk to the authority, (risk score of 12). However, the surplus buildings expected from programme initiatives are not being declared and disposed of as rapidly as expected and would need to be disposed of by March 2014 to give the carbon reduction benefit through to the final year. Therefore, as a consequence there is a need to reappraise the risk rating.

11.0 Alternative Options: None

12.0 Overview and Scrutiny Panel

12.1
- To support the continued delivery of the Programme to ensure that the 25% carbon reduction target can be achieved and Carbon Reduction Commitment (CRC) liabilities can be minimised.
- The programme reports regularly to the Panel on progress on carbon reduction based on monthly data tracking in buildings.

13.0 Reason for Decision

This report updates Members on the progress of the Carbon and Energy Reduction Programme and highlights the need to take further actions to ensure that the Council achieves its 25% emissions reduction target, achieve financial savings and minimises its liabilities under the CRC Scheme.

Action required

The Panel is asked to consider:

1. The reductions in non-schools building, and Traffic and Street Lighting energy use and support the continued delivery of the Carbon & Energy Reduction Programme to meet its obligations and address ongoing energy costs.

2. The marketing to schools of other options to finance energy improvements, including the package developed by Norse Energy Ltd.

3. Further delivery improvements, in the areas indentified in Section 6 of this report.

Background Papers

Appendices:-

A - Carbon Footprint Summary (Carbon Dioxide Emissions).
B - CERF Progress Summary Report – June 2013
C – Schools Overview

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IN TRAN communication for all

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Appendix A

Norfolk County Council Carbon Dioxide Emissions	2008/09 (BASELINE) actual CO_2 (tonnes)	TARGET FOR 2013/14 (75% of BASELINE) target CO_2 (tonnes)	TARGET ANNUAL CO_2 SAVING BY 2013/14 (25% of BASELINE) target CO_2 (tonnes)	2009/10 actual CO_2 (tonnes)	Change 09/10 -> 10/11 actual CO_2 (tonnes)	Change 09/10 -> 10/11 actual %	2010/11 actual CO_2 (tonnes)	2010/11 actual % of 08/09 Baseline	Change 10/11 -> 11/12 actual CO_2 (tonnes)	Change 10/11 -> 11/12 actual %	2011/12 actual CO_2 (tonnes)	2011/12 actual % of 08/09 Baseline	Change 11/12 -> 12/13 actual CO_2 (tonnes)	Change 11/12 -> 12/13 actual %	2012/13 actual CO_2 (tonnes)	2012/13 actual % of 08/09 Baseline
Norfolk County Council Total	**94,632**	**70,974**	**23,658**	**90,529**	**-266**	**-0.3%**	**90,263**	**95%**	**-11,717**	**-13.0%**	**78,546**	**83.0%**	**7,216**	**9.2%**	**85,762**	**90.6%**
BUILDINGS TOTAL	**74,882**	**56,162**	**18,721**	**70,803**	**275**	**0.39%**	**71,078**	**95%**	**-11,209**	**-15.77%**	**59,869**	**80%**	**6,716**	**11.22%**	**66,585**	**89%**
Buildings - Non Schools	**21,903**	**16,427**	**5,476**	**19,983**	**-589**	**-2.9%**	**19,394**	**89%**	**-6,598**	**-34.0%**	**12,795**	**58%**	**-245**	**-1.9%**	**12,550**	**57%**
Corporate Resources (incl. CAP)	6,771	5,078	1,693	5,746	-556	-9.7%	5,190	77%	-107	-2.1%	5,083	75%	40	0.8%	5,123	76%
Community Services	10,265	7,699	2,566	10,018	-66	-0.66%	9,952	97%	-5,457	-54.83%	4,495	44%	13	0.28%	4,508	44%
Community Care	*6,944*	*5,208*	*1,736*	*5,161*	*62*	*1.2%*	*5,223*		*-4,804*	*-92.0%*	*419*		*37*	*8.8%*	*455*	
Learning Difficulties	*Inc*			*1,308*	*10*	*0.76%*	*1,318*		*-274*	*-20.78%*	*1,044*		*68*	*6.48%*	*1,112*	
Adult Education	*403*	*302*	*101*	*446*	*-53*	*-12%*	*393*		*-102*	*-26%*	*291*		*25*	*9%*	*316*	
Libraries	*1,404*	*1,053*	*351*	*1,200*	*18*	*1.5%*	*1,218*		*-190*	*-15.6%*	*1,028*		*79*	*7.7%*	*1,108*	
Museums	*1,514*	*1,136*	*379*	*1,507*	*-52*	*-3.5%*	*1,455*		*-91*	*-6.3%*	*1,363*		*152*	*11.2%*	*1,516*	
Offices	*Inc*			*396*	*-51*	*-13%*	*345*		*5*	*1%*	*350*		*-349*	*-100%*	*1*	
Fire & Community Protection	1,936	1,452	484	1,874	-30	-1.6%	1,844	95%	-627	-34.0%	1,217	63%	134	11.0%	1,351	70%
Environment, Transport & Development (excludes Travellers' Sites and *'street lighting'* supplies associated with individual Park & Ride sites)	788	591	197	1,230	64	5.2%	1,294	164%	-246	-19.0%	1,048	133%	-181	-17.3%	867	110%
Children's Services (Non-School)	2,143	1,607	536	1,115	-1	-0.09%	1,114	52%	-161	-14.44%	953	44%	-252	-26.40%	702	33%
Buildings - Schools	**52,979**	**39,734**	**13,245**	**50,820**	**864**	**1.7%**	**51,684**	**98%**	**-4,611**	**-8.9%**	**47,073**	**89%**	**6,962**	**14.8%**	**54,035**	**102%**
TRAFFIC & STREET LIGHTING TOTAL	**12,293**	**9,220**	**3,073**	**12,362**	**222**	**1.8%**	**12,584**	**102%**	**199**	**1.6%**	**12,783**	**104%**	**436**	**3.4%**	**13,218**	**108%**
Street Lighting	**11,216**	**8,412**	**2,804**	**11,345**	**97**	**0.86%**	**11,442**	**102%**	**225**	**1.97%**	**11,667**	**104%**	**436**	**3.73%**	**12,103**	**108%**
Principal / Non-Principal Roads	11,050	8,288	2,763	11,181	97	0.87%	11,278	102%	286	2.53%	11,564	105%	429	3.71%	11,993	109%
Park & Ride Sites	166	125	42	164	0		164	99%	-60		104	62%	6		110	66%
Traffic Signals	**1,077**	**808**	**269**	**1,017**	**125**	**12.3%**	**1,142**	**106%**	**-27**	**-2.3%**	**1,115**	**104%**	**0**	**0.0%**	**1,115**	**104%**
TRANSPORT TOTAL	**7,457**	**5,593**	**1,864**	**7,364**	**-763**	**-10.4%**	**6,601**	**89%**	**-706**	**-10.7%**	**5,895**	**79%**	**64**	**1.1%**	**5,959**	**80%**
Vehicle Fleets	**2,547**	**1,910**	**637**	**2,667**	**-261**	**-9.8%**	**2,406**	**94%**	**-18**	**-0.7%**	**2,388**	**94%**	**212**	**8.9%**	**2,600**	**102%**
Car Fleet	**740**	**555**	**185**	**674**	**-90**	**-13.4%**	**584**	**79%**	**-134**	**-22.9%**	**450**	**61%**	**2,170**	**482.3%**	**739**	**354%**
Casual User Fleet	**4,170**	**3,128**	**1,043**	**4,023**	**-412**	**-10.2%**	**3,611**	**87%**	**-554**	**-15.3%**	**3,057**	**73%**	**-437**	**-14.3%**	**2,620**	**63%**

Appendix B

CERF Progress Summary Report at 14th June 2013

		Status:				
Dept. Name	Data	Logged	Developing	Allocated	Completed	Grand Total
Children's Services	Number of CERF Jobs	7	34	41	233	315
	Total CERF Funding Required (£)	£0	£640,601	£1,055,326	£4,327,206	£6,023,132
	Total Annual CO2 Saved (T)	0	442	606	2,881	3,929
	Total Anticipated Annual Fuel Cost Saving (£)	£0	£98,677	£136,006	£666,428	£901,110
Children's Services (HS)	Number of CERF Jobs		2	7	45	54
	Total CERF Funding Required (£)		£243,378	£444,026	£1,815,665	£2,503,069
	Total Annual CO2 Saved (T)		112	238	1,421	1,771
	Total Anticipated Annual Fuel Cost Saving (£)		£33,626	£57,894	£321,205	£412,726
Community Services	Number of CERF Jobs	3	8	5	46	62
	Total CERF Funding Required (£)	£3,976	£83,287	£44,122	£814,213	£945,598
	Total Annual CO2 Saved (T)	3	78	28	498	607
	Total Anticipated Annual Fuel Cost Saving (£)	£567	£16,838	£6,300	£135,748	£159,453
County Hall	Number of CERF Jobs			1	4	5
	Total CERF Funding Required (£)			£7,280	£92,841	£100,121
	Total Annual CO2 Saved (T)			18	69	87
	Total Anticipated Annual Fuel Cost Saving (£)			£4,075	£14,574	£18,649
ETD	Number of CERF Jobs			2	9	11
	Total CERF Funding Required (£)			£7,309	£21,848	£29,157
	Total Annual CO2 Saved (T)			3	29	32
	Total Anticipated Annual Fuel Cost Saving (£)			£601	£6,640	£7,240
Fire	Number of CERF Jobs			2	97	99
	Total CERF Funding Required (£)			£3,300	£676,960	£680,260
	Total Annual CO2 Saved (T)			2	518	520
	Total Anticipated Annual Fuel Cost Saving (£)			£478	£149,860	£150,339
General	Number of CERF Jobs		2	2	8	12
	Total CERF Funding Required (£)		£60,000	£80,000	£240,406	£380,406
	Total Annual CO2 Saved (T)		0	0	0	0
	Total Anticipated Annual Fuel Cost Saving (£)		£0	£0	£0	£0
Offices	Number of CERF Jobs		1		3	4
	Total CERF Funding Required (£)		£41,022		£36,273	£77,295
	Total Annual CO2 Saved (T)		27		30	57
	Total Anticipated Annual Fuel Cost Saving (£)		£5,955		£6,380	£12,335
Total Number of CERF Jobs		10	47	60	445	562
Total Total CERF Funding Required (£)		£3,976	£1,068,288	£1,641,363	£8,025,411	£10,739,038
Total Total Annual CO2 Saved (T)		3	659	895	5,447	7,003
Total Total Anticipated Annual Fuel Cost Saving (£)		£567	£155,097	£205,355	£1,300,835	£1,661,853

£ capex/tCO2 saved (Completed & Allocated)	**£1,524**
£ saved/tCO2 saved (completed & Allocated)	**£238**

Total Completed & Allocated (£)	£9,666,774
Total Completed & Allocated Estimated Savings p/a (£)	£1,506,190
Average Payback Period for Total Completed & Allocated (years)	**6.4**

Appendix C

Schools

The main elements currently are focused on the following approaches:

- NCC corporate programmes – CERF, AMR metering E-sight energy tracking.
- Governor training and 'cluster training' to benefit linked schools with appropriate behavioural change interventions.
- Website development and marketing .
- Technical survey and building efficiency improvements, for which additional Children's Services' capital is available.
- Identifying high users and signposting to CERF programme.
- Improve the water management in conjunction with Anglian Water (Members adopted a 15% water efficiency target early in 2013). There are energy saving benefits associated with improved water management of circa 300 tonnes of CO_2 per annum.

There is still work to be done to increase the uptake of the authority's real-time monitoring system – E-sight. To assist with this work has taken place as part of the cluster training.

Ongoing work with NCC schools, is expected to be funded through receipts from the shared savings model that currently operates with CERF-funded schools, and run through Children's services. Under this model, savings are shared between schools and the Service, with Children's Services, part of the latter share covering the repayment of the Salix loan out of this fund.

An additional proposal for funding work for academies has been developed by Norse Energy Ltd. This takes the format of an Energy Performance Contract and is intended to be offered in the first instance to the secondary academies.

Under the Carbon Reduction Commitment, all schools' carbon tax liability is covered by the Dedicated Schools Grant through central funding. Even though academies are not directly maintained by the authority, the authority pays the tax on their performance; from 2013-14 as all state-funded schools come out of the CRC.

Schools form the largest part of the authority's carbon footprint, and have, therefore, been the focus for investment in energy efficiency measures. However, even with the capital investment and behaviour change work that has been focused on them, there has been a sharp increase in energy consumption that now exceeds the baseline year's starting point.

There are likely to be a number of reasons for this that are outside the scope of this report. However, these are likely to involve the following:

- Inconsistent building management practices with a lack of technical understanding, including related to new build handovers;
- the impact of expanded ICT installations,
- additional use beyond school hours

Corporate Resources Overview and Scrutiny Panel
15 October 2013
Item No. 13

Energy & Carbon Management Programme 2014-2020

Report by the Director of Environment, Transport and Development

Summary

The current carbon management programme is due to conclude in March 2014. Over the course of the programme energy costs and carbon savings have been achieved, demonstrating that the programme is potentially on track to deliver its 25% carbon reduction target (from its baseline year of 2008-09).

The programme was instigated when energy costs leapt by £6m during 2007-08 year (to £17m). Energy costs are not a fixed cost, and they form a significant overhead, whether from the direct use in buildings, transport and non transport-related sources, or through the use of street lighting.

Over the course of the programme, there has been significant investment in improving the efficiency of the NCC property portfolio, which in many instances has led to direct reductions in energy costs, in spite of a volatile energy market. For example, during 2011-12, the programme delivered a reduction in expenditure on energy of £550k, through reductions in consumption, against a backdrop of average energy price rises of around 9% for gas and 6.5% electricity. Up until 2011-12, the programme savings had exceeded £3m.

What this paper intends to highlight is the benefit of having an increased stretch target to further embed improved energy management practices and identify further cost and carbon savings. Given the government has a commitment to reduce the UK’s overall energy and carbon footprint, with an intermediate target to 2020 (34% reduction from baseline), it is not unreasonable to extend the programme to match or improve on this. The current carbon and energy reduction programme timeline is due to conclude in March 2014, so a phase two would be from 2014-2020.

Action Required

The Panel is asked to:-

i) Consider the expansion of the programme and support the adoption of an increased stretch target to 50% reduction from the 2008/9 baseline, with the focus on the corporate estate only.

ii) Track the school estate performance separately, but not within a corporate target, with the Children’s Services Department reporting this performance directly to either CROSP or Children’s Services Overview and Scrutiny Panel on a monthly basis.

iii) Support the exploration of external, alternative financing arrangements of the programme, particularly with respect to the school estate.

1.0 Background

1.1. The Carbon & Energy Reduction Programme was developed in response to some initial work carried out with the Carbon Trust in 2006-07. This voluntary endeavour helped the authority to consider how effectively it managed the estate to understand its use of energy, and thereby it carbon impacts, more widely. This joint working highlighted there was an opportunity to address how the authority could realise carbon and cost savings by challenging how it used its energy.

1.2 The key to this was a combination of capital investment and behaviour change could, over time, realise significant savings . Savings of £3m per annum were predicted. However, the existing systems of tracking were complex and improved data management was going to be crucial to ensuring the success of the programme. At its heart, the programme harnesses the energy management expertise that is available. This is reliant on the data tracking available through NPS's energy team. This uses a combination of real-time data logging of buildings combined with an annual tracking of other energy and transport data obtained through payroll and billing data. Currently energy tracking is a time-consuming process. However, from this the cost and carbon information is obtained. This is used not only for internal reporting purposes, but also for statutory reporting to Government.

1.3 For the year 2011/12, the programme delivered a reduction in expenditure on energy of £550k, this against a backdrop of rising energy costs, on average a rise of around 9% for gas and 6.5% electricity. Taking account of these price rises, without the reductions the Council would have been liable for an increase in energy costs of about £1.5m. So, the programme is a means of mitigating increasing energy prices.

During 2012-13 energy consumption rose, as did costs. However, there were reasons for this. Gas prices rose by 11.5% and electricity by 10%. Things were further compounded by a protracted period of cold weather from the autumn of 2012 through to spring 2013 when an analysis of weather corrected data was undertaken by NPS. Consequently, energy consumption, particularly gas, increased markedly to cope with this particular set of circumstances.

1.4 Saving energy and carbon also saves money, and to that extent the programme has aligned with the efficiency agenda within the authority, including Norfolk Workstyle. Fundamentally the programme is concerned with:

- Maximising efficiency savings
- Generating income (more recently through tapping in such initiatives as the government's Feed-in-Tariff approach).
- Taking a strong commercial approach - through consistently challenging how energy is managed across the estate but also through searching for the cheapest tariffs.
- Ensures the Council's business infrastructure is geared up to deliver significant energy savings (an example of this is through the installation of real-time energy

monitoring).

1.5 All of the above suggests that an extension of the programme with a stretch target provides the focus for a continuing thrust to drive forward energy savings.

Projections of emissions levels are inherently uncertain as they depend upon projected levels of a number of key factors, not least the variability of the property portfolio and the price of fossil fuels, and the size of the organisation.

In determining future energy reduction targets, the Council has a number of options to follow:-

1. Do nothing
2. Align NCC target to mirror the UK's national target (currently 34% by 2020 from its baseline year)
3. Set a stretched target, to further embed cost efficiency and improved energy management.

1.6 Against this backdrop are energy security issues which are likely in the short to medium term, to impact heavily of energy prices. For example, the regulator, Ofgem predicts that average energy prices to 2020 are likely to increase by 25%. However, judging by the increases we have faced during the last year, this looks to be an underestimate. In addition, they predict supply issues beyond 2015 due to decommissioning of old nuclear and coal-fired power stations.

2.0 Carbon and Energy Reduction Fund (CERF)

2.1 This fund underpins all work done on the corporate estate. An initial fund of £10m was provided through the Strategic Reserve to realise energy saving benefits. To date 562 projects of varying sizes have been supported, including a small number of renewable energy schemes.

Insofar as capital projects on buildings are concerned, an established model already exists, developed by the Carbon Trust, and followed by the internal Carbon and Energy Reduction Fund (CERF - managed by NPS). This applies a rigid structure so that the most cost effect measures are pursued first. Details of this are at Appendix A. A full breakdown of expenditure covering up to and including 2013-14, is available at Appendix B.

The fund will have been fully utilised by the end of the existing phase of the carbon and energy reduction programme. Given their significant impact on the footprint of the estate, schools have been the main beneficiary.

2.2 Schools

2.3 Schools currently account for circa 70% of the carbon/energy footprint. Therefore, a key factor of the forthcoming changes to the CRC is whether, when developing a target, schools continue to be included as part of the local authority footprint, given this separation at the national level in the CRC. In reality, schools operate as autonomous units, whether or not they are academies. They are responsible for their own costs, including energy. Focusing a target more on the corporate estate would make more sense. Irrespective of whether schools are directly within a carbon reduction target, doesn't divest NCC of continuing involvement. Energy services can continue to be supplied but would have to be funded differently.

2.4 There would still be opportunities to work with schools but using external funding mechanisms to match any internal capital budgets. This would not preclude dealing with schools on a more commercial basis, such as expanding the existing business arrangements that are currently provided by NPS Property Services Ltd. Indeed, a package of improvements has already been developed and is currently being offered to academies, but could be applied to the whole school estate. This would obviate the need to rely on central corporate funding to underpin any initiative.

2.5 To date, schools have benefited from the bulk of energy efficiency investment. Up to and including the current financial year, over £7m will have been invested in schools to improve their energy efficiency from the CERF. In addition, there is a 'shared savings' model in operation. This works on the basis that any investment in a school is paid back through any savings derived. 50% of these savings (for the first 5 years) is shared with the Children's Services department. After this, any savings, or income from tariffs linked to renewable energy projects, is kept solely by the school.

2.6 Since before the current carbon and energy programme began, work on behaviour change has been taking place through the 'Energy Busters' and 'Energy Futures' programmes run through Children's Services, but delivered in partnership with the National Trust. This programme will finish in July 2013. Each programme focuses on the primary and secondary sector respectively.

2.7 To date, both programmes combined have worked with nearly 300 schools. The ethos of the programme is to inculcate an awareness of the energy impacts within the school, with a strong element focusing on the learning potential linked to appropriate strands within the National Curriculum. Through detailed analysis and evaluation of these schools, compared to schools that have not taken part in the programmes, there have been clear learning benefits and sustained reductions in carbon emissions, particularly through reductions in electricity consumption (7% less than non-programme schools in 2011/12).

2.8 During the targeted interventions, significant improvements have been observed. However, over time a tail-off in performance takes place. For schools taking part in the programmes, a capital grant is available to support any energy improvements that they make, which can be used to match CERF initiatives.

2.9 However, the reality to date is that prior to 2012-13, marginal improvements had been made on the school estate, and any gains since 2008-09 have been lost in the last year. The school estate is now at a level that exceeds the footprint at the start of the programme. An analysis of the data suggests that 57% of schools fail to meet the energy efficiency benchmark for a comparable school.

2.10 For 2012-13 there was a net reduction in floor space of 7,352m^2. Floor space is predicted to growth 5,400m^2 in the next year. It would seem that the improvements in the school building estate that could be made have been. Once the earmarked projects have been completed during 2013-14 it is not proposed that any new projects within schools be funded through CERF. It is proposed that any future funding requirements be used from the schools capital programme, or through external funding routes that are available. It is also suggested that future reporting on energy and cost performance be managed directly through the Children's Service reporting structure.

3.0 Corporate buildings

3.1 Currently, even with the increase in energy consumption during 2012-13, the corporate buildings show a reduction on the baseline year of 36.8%. A proportion of this is down to moving responsibility of the care homes to Norse Care between 2010/11 and 2011/12. However, even taking this out of the equation, reductions are around 17-18% on average, well on track to meet the 25% reduction target.

3.2 Even allowing for the disposal of care homes to Norse Care affecting the estate, the corporate estate is on track to meet its part of the reduction target.

4.0 Street lighting

4.1 Prior to 2012-13, the street lighting portfolio had not made any significant savings, even though it is a significant portion of the overall footprint. However, investment in lighting improvements and the 'dimming' 'trimming' and part night lighting programme would seem to be showing signs of a turnaround in performance, and 2012-13 is the first sign of reductions from this sector. Discussions are ongoing with the contractors, Amey, as to what more may be achievable. However, there is further scope to explore an expansion of LED lighting as external funding is available for this.

5.0 Transport

5.1 Transport has been an element of the programme that has not been truly addressed. Any improvements have been as a by-product of some other initiative, such as restructuring programmes. However, taken as a whole, it is one of the three key elements alongside buildings and street lighting.

5.2 A significant component is our own business mileage with annual costs in excess of £4m (covering between 14m and 16m miles per annum since the start of the programme). Consequently this translates to significant carbon emissions.

5.3 There are areas of good practice across the council that have proven that reductions in business travel of 25% are possible without impacting on the service. A more consistent and concerted approach to implementing a rigorous corporate wide transport policy, with a focus on fuel consumption and mileage, would deliver savings. Revised working behaviours are also required for Norfolk Workstyle and will be supported by Digital Norfolk Ambition. This would be an important initiative in helping to achieve the savings required in the next few years.

6.0 An extended target - the options

6.1 Option 1 – do nothing

6.1.1 As energy costs continue to escalate, the Council would be largely dependent upon "passive" savings through reorganisation and property disposal.

Thus a passive saving of around 1-2% CO_2 from the 2008/9 baseline might be achieved. This would be more than offset, however, by rising energy costs and CRC penalties. However, it must be borne in mind that over the last two years the amount of surplus properties disposed of is not keeping pace with new build.

While there is the potential to make modest savings on the carbon footprint, recent trends in energy prices suggest that there is a net increase in energy cost that would wipe out any savings (between 7.5% & 10% per annum).

It is not recommended that this option be pursued.

6.2 Option 2 – align to national targets

6.2.1 The Government's target is to achieve a 34% reduction in emissions by 2020, based on 1990 levels.

We are unable to quantify a 1990 baseline for the Council, so cannot meaningfully track against this. However, using the existing 2008-9 baseline indicates that work towards the existing target, as far as corporate buildings are concerned, suggests that modest improvements in line with existing expenditure already in place would deliver this.

On its own, tracking the National target is not considered to be particularly aspirational and it does not challenge the business model of the Council to extract greater efficiencies and savings related to energy consumption.

It would also cost in time and effort to seek to reframe the baseline, for no particular gain. Nor would it support the Council in reducing its CRC liability.

Given that for the whole estate at best energy reduction would enable energy cost to keep pace with rising energy prices.

It is not recommended that this option be pursued, though it influences the approach to option 3.

6.3 **Option 3 – set a new stretch target to 2020**

6.3.1 Using the original NCC Carbon reduction baseline year (2008-09) as a starting point and assuming a 40% reduction target, this would deliver a further reduction of about 9,700T from April 2014 to 2020.

The main financial focus is likely to be on the buildings, as these still form the bulk of the carbon footprint, with schools comprising the majority of this (81%). However, given the difficulty in engaging schools and the limited progress to date there is a strong case for separating out schools from the non-school estate with respect to a target. The table at Appendix C shows that given performance to date, that there is a good chance of achieving 50% reductions on the corporate estate alone (from the original baseline year) should this become the continued focus.

Outside of the main focus on the building estate, there remains untapped opportunities within transport and the street lighting programme. It is fair to say that as buildings have been the main focus, this has meant that there hasn't been sufficient recognition of the impacts that are associated with maintaining a transport fleet and the impact from business travel from a cost and carbon perspective. A concerted focus on these would help redress the balance. Indeed the impacts from these two areas combined would exceed what is the non-school buildings estate.

6.3.2 Any financial investment will be offset by escalating energy costs, income derived from renewable energy investment and efficiency savings from business redesign and behaviour change activities. Full exploitation of external funding opportunities will be made as the main source of finance. The likely range explored will embrace the Council's existing Capital programme, with external sources such as the Green Investment Bank, Green Deal or through Energy Performance Contracting. Some projects are currently part funded through the external funding stream supplied by Salix Finance (at 0% interest), this is paid back out of energy savings, and for schools out of an existing 'shared savings' model.

6.3.3 The projects would typically include insulation measures, improvements to heating and hot water efficiency, electrical and lighting improvements and where practical installation of voltage optimisation systems. A small number of Automated meter reading devices would also be installed to complete the previous programme of installations.

6.3.4 Significant savings can continue to be generated through improving the effective use of automated meter reading on all premises, travel and transport-related savings and wider behaviour change initiatives through the 'Low Carb Diet' campaign.

6.3.5 A target of 50%, alongside an appropriate level of investment, is considered worth developing further.

It is suggested that the remainder of the earmarked projects to be funded within the Carbon and Energy Reduction Fund are delivered (£4.45m for 2013-2015) which will focus on the corporate estate, including County Hall. In discussions with NPS Energy, who have done analysis as part of the CERF programme and an evaluation of future energy costs, suggest these investments, would potentially realise £2-2.5m per annum.

It is recommended that this is the proposal to be considered.

7.0 Future investment

7.1 Given the challenges facing the public sector finances, it is not suggested that further internal capital funds be used for future energy efficiency projects, as has been the case to date. Rather there should be a focus of realigning existing funding streams in a more creative way to support the corporate estate.

7.2 With the changing nature of how schools are managed, with an increasing level of academy schools. Which are no longer directly funded by the local authority, a different approach to working with them is needed. Therefore, different funding approaches should be explored. For example, Norse Energy Ltd are currently working on a package that will be offered to Academies to help them manage their estates in a more efficient and cost effective way.

7.3 In addition there are a number of flexible arrangements available that are offered to the public sector that should be explored. An example of this are the financial packages available using government funds via 'Salix Finance'. Use of this has already been made by the County Council to match fund existing projects under the CERF fund. The attraction of this is that it is available interest free, but has to be paid back over 4 years. Current and future offerings have more attractive payback periods, and these should be explored. In addition a funding package developed by Norse Energy Ltd has been developed, initially for academies, but could be rolled out to other schools. For an outline of this and the Salix offer, this can be seen at Appendix D

8.0 Conclusions

8.1 Significant investment on the estate has already taken place (see appendix C for a summary of CERF expenditure). Clearly there is an issue around diminishing returns if further investment is considered, particularly from central funding. Ceasing existing internal funding streams should be considered and external funding opportunities, at least insofar as building improvements are concerned, be explored. Rightly, the buildings infrastructure has to date had the major focus, given that that is where the main impacts lie. However, we also need to look at the lesser, but equally important impacts, such as transport or improving management and monitoring processes, or decisions concerning rationalisation of the estate.

8.2 Expertise has been developed through partnership working with NPS Property Services Ltd and opportunities lie with this route in the future. However, in a period of constrained budgets, less reliance should be made from central funding, and relationships with internal clients should be put on a more commercial footing.

8.3 Currently there are too many variables concerning how the authority is to deliver services going forward to categorically suggest how much is needed to deliver x savings by y date. However, tried and tested methods of improving efficiency and reducing cost have yet to be explored and supported corporately. It is suggested that this route be followed, utilising existing resources before any consideration of additional internal funding be considered. Where funding is required a business case, such as is expected to obtain funding following the Salix methodology should be followed on a case by case basis.

8.4 A key variable that has to be addressed is where do schools sit within the programme? Given that schools manage their own budgets and are consequently responsible for energy management issues onsite, and are now to be excluded from any CRC liabilities, it is therefore proposed that the future programme be scaled down to only address the corporate estate explicitly. This does not exclude any energy management advice being provided to schools through existing challenges, but these need to be provided on a cost- accountable basis.

8.5 Given the performance within the estate to date on meeting the existing target, it seems reasonable to assume that implementing interventions listed below, would deliver further savings where the corporate centre has direct control of how its building perform.

- Energy efficiency measures in buildings
- Active energy management and monitoring
- Estate rationalisation
- Staff awareness raising
- Waste and water reduction
- Transport
- Street lighting

8.6 What is needed is the continued commitment to ensure it happens, including ownership being fully pursued with site occupiers. There is evidence that even with building improvements implemented to date, more energy savings could be achieved through improved management practice. It is therefore suggested that future work around the carbon and energy agenda been encapsulated within a worked up strategy covering the period for 2014-20.

9.0 Resource Implications

9.1 **Finance :** Carbon & Energy Reduction Fund (£3.45m for 2012-13 and £1.1m for 2014-15) with additional external funding as appropriate

9.2 **Staff:** There is a dedicated resource based within the ETD department, working in conjunction across services but with the support of key staff within the Norse Group.

9.3 **Property:** Schedules of the technical improvements to buildings have been made since the start of the programme across the estate.

9.4 **IT:** New software is in place to track real time energy performance in buildings.

10.0 Other Implications

10.1 **Legal Implications**

10.2 The Climate Change Act 2008 imposed legal responsibility on organisations, including the public sector. This imposes reporting and financial penalty obligations.

10.3 **Human Rights:** None.

10.4 **Equality Impact Assessment (EqIA)**

The work that is the subject of the report does not have a direct impact on equalities.

10.5 **Communications:**

Effective communication has always been a key element of behaviour change, and picked up within programme initiatives.

10.6 **Health and safety implications:** None.

10.7 **Environmental Implications:**

The overall programme is designed to reduce the carbon footprint of the County Council's operations and is central to the authority's approach to mitigating its energy and carbon impacts.

10.8 **Any other implications**

The Carbon Management Programme has clear synergy with the existing Workstyle and other efficiency programmes.

11.0 Section 17 – Crime and Disorder Act Implications: None

12.0 Risk Implications/Assessment

12.1 The key areas of risk include:

- Rising energy bills and growing financial penalties under CRC if we fail to curb consumption
- Damage to image and reputation, not just if we fail to meet 25% reduction target but through a poor CRC league table position, especially against other County Authorities
- Financial, legal risks associated with non-compliance with CRC requirements.

12.2 The Risk Register defines a medium risk to the authority, (risk score of 12), with good prospects of reducing the risk to the aspiration score. However, the surplus buildings expected from programme initiatives are not being declared and disposed of as rapidly as expected and would need to be disposed of by March 2013 to give the carbon reduction benefit through to the final year.

13.0 Alternative Options: None

Action Required

The Panel is asked to:-

i) Consider the expansion of the programme and support the adoption of an increased stretch target to 50% reduction from the 2008/9 baseline, with the focus on the corporate estate only.

ii) Track the school estate performance separately, but not within a corporate target, with the Children's Services Department reporting this performance directly to either CROSP or Children's Services Overview and Scrutiny Panel on a quarterly basis.

iii) Support the exploration of external, alternative financing arrangements of the programme, particularly with respect to the school estate.

Background Papers

Appendices:-

A - CERF funding criteria
B - CERF cash flow (14-6-13)
C - Target profile
D – Future funding

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IN TRAN communication for all

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Appendix A

CERF funding Criteria

In order to qualify for funding, all proposals must satisfy the following broad criteria:

- They must result directly in the reduction of 1 tonne of carbon (CO2) emissions for each £100 of CERF investment over the life of the asset. *
- The return on investment must be achieved in approximately 5 years
- Norfolk County Council's target for carbon reduction is 25%. The CERF programme contributes to achieving this target. However, all proposals will be considered and funding allocated if they satisfy the appropriate investment appraisal tests.
- Funding will be used alongside existing capital maintenance and improvement programmes to provide 'enhancement' opportunities where like-for-like replacements are planned.
- The CERF programme is not intended to be used for the funding of automatic metering, targeting and monitoring systems, as these will be funded through other mechanisms.

** It is proposed that going forward, state funded schools that this approach will be broadened to support projects where £200/tCO2 is saved and that the payback period is extended to 8 years. Given that this is funded through an external funding source, it is suggested that a contractual arrangement be made with the schools around a 'shared savings model'. Thereby any investment is to be paid back out of the energy savings obtained.*

Examples of Eligible project types and technologies

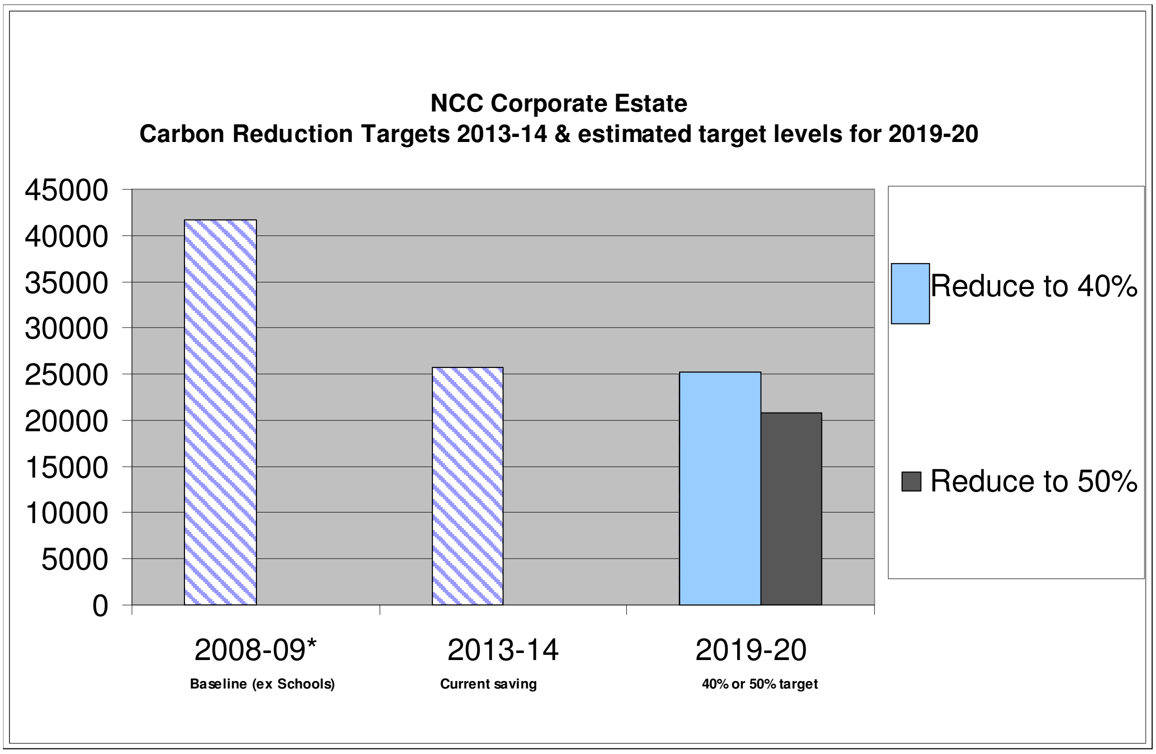
1. BEMS (Building Energy Management Systems)
2. Boilers – control systems
3. Boilers – replacement
4. Combined Heat & Power
5. Pipe insulation
6. Cooling – plant replacement/upgrade
7. Energy from waste
8. Heat recovery
9. Heating – distribution improvements
10. Heating – replace electric with gas
11. Heating – controls and TRVs
12. Hot water – distribution improvements
13. Hot water – point of use heaters
14. Insulation – building fabric
15. Insulation – draft proofing
16. Insulation – secondary glazing
17. Lighting – controls and upgrades
18. Motor controls – variable speed drives
19. Radiator reflective foil (external walls)
20. Renewable energy systems
21. Swimming pool covers
22. Ventilation controls

Appendix B

CERF - Cash Flow Report at 14th June 2013

Sum of CERF Funding Required (£)		Fin. Year						
Dept. Name	Status:	09/10	10/11	11/12	12/13	13/14	14/15	Grand Total
Children's Services	Completed	£48,852	£613,362	£2,599,280	£1,060,075	£5,637		£4,327,206
	Allocated					£1,055,326		£1,055,326
	Developing					£640,601		£640,601
	Logged				£0			£0
Children's Services Total		£48,852	£613,362	£2,599,280	£1,060,075	£1,701,564		£6,023,132
Children's Services (HS)	Completed	£134,165	£45,435	£209,377	£1,426,688			£1,815,665
	Allocated					£444,026		£444,026
	Developing					£243,378		£243,378
Children's Services (HS) Total		£134,165	£45,435	£209,377	£1,426,688	£687,404		£2,503,069
Community Services	Completed	£53,701	£287,067	£395,848	£76,479	£1,118		£814,213
	Allocated					£44,122		£44,122
	Developing					£83,287		£83,287
	Logged				£3,976			£3,976
Community Services Total		£53,701	£287,067	£395,848	£80,455	£128,528		£945,598
County Hall	Completed	£72,000		£20,841				£92,841
	Allocated					£7,280		£7,280
County Hall Total		£72,000		£20,841		£7,280		£100,121
ETD	Completed			£18,867	£2,981			£21,848
	Allocated					£7,309		£7,309
ETD Total				£18,867	£2,981	£7,309		£29,157
Fire	Completed	£33,081	£112,261	£487,222	£44,396			£676,960
	Allocated					£3,300		£3,300
Fire Total		£33,081	£112,261	£487,222	£44,396	£3,300		£680,260
General	Completed		£71,947	£96,611	£71,849			£240,406
	Allocated					£80,000		£80,000
	Developing					£30,000	£30,000	£60,000
General Total			£71,947	£96,611	£71,849	£110,000	£30,000	£380,406
Offices	Completed	£9,053			£27,220			£36,273
	Developing					£41,022		£41,022
Offices Total		£9,053			£27,220	£41,022		£77,295
Grand Total		£350,851	£1,130,072	£3,828,047	£2,713,663	£2,686,406	£30,000	£10,739,038

Appendix C


NCC Corporate Estate
Carbon Reduction Targets 2013-14 & estimated target levels for 2019-20
45000
40000
35000
30000
25000
20000
15000
10000
5000
0
2008-09*
Baseline (ex Schools)
2013-14
Current saving
2019-20
40% or 50% target
Reduce to 40%
Reduce to 50%

Appendix D – Future Funding opportunities

Salix
The Salix Finance Company is an independent outlet of the Department of Energy & Climate Change. Its sole focus to to provide funding to support energy efficiency measures within the public sector.

Projects must comply with the following criteria:

- the project must pay for itself from energy savings within a maximum 4 year period
- the cost of CO_2 must be less than £100 per tonne over the lifetime of the project

Projects must also be "additional" – i.e. would not have happened without this funding.

The Scheme provides an opportunity to fund schools as well as non-school buildings. For schools, whether academies or maintained and grant aided schools, an interest free loan is available to finance up to 100% of the costs of energy saving projects, meeting the criteria defined by Salix.

There is a similar fund that applies to schools but the payback criteria varies. As Schools typically have shorter operating periods than other public sector buildings. Thereby the paybacks are lengthened. Salix can offer extended compliance criteria **of 8 years payback and £200/tCO2 saved** over the lifetime for certain projects.

Norse Energy Ltd
Norse Energy has been instrumental in realising the improvements on the estate through the targeted use of the CERF fund. Clearly significant capital investment has been made on the building estate. However, It is recognised that to achieve this target each year there will need to be full and sustained corporate engagement, building upon the earlier experience. In this setting, the additional individual initiatives necessary to achieve the carbon stretch must be driven forward without requiring significant additional internal resource.

An increased stretch target will continue to enable the focus to remain on applying vigilance on reducing energy costs, but not through a wholly dependent approach relying on internal capital funding. It is anticipated that this can be done within existing internal resources, with contributions from external funding and alternative financial approaches. With this in mind Norse Energy has developed a Energy Performance Contracting approach, that applies a more commercial focus to energy management. Building management, energy efficiency and renewable energy installation are offered as a package arrangement, with no up front cost from the client. This package is currently under offer to academy schools but is a model that can be applied more widely. We see this as a possible solution going forward.