

REPORT TO: Executive Board Sub Committee
DATE: 22 September 2011
REPORTING OFFICER: Strategic Director Policy and Resources
TITLE: Invest to Save Bids
WARDS: Borough Wide

1.0 PURPOSE OF REPORT

1.1 To consider two bids on the Invest to Save Fund.

2.0 RECOMMENDED: That the bids be approved.

3.0 SUPPORTING INFORMATION

3.1 The Invest to Save Fund was established in 2007 to provide up front monies from which sustainable savings are generated to help the Council's budget. Criteria have been set for its use and are included at Appendix 1 for information.

3.2 The following two bids have been submitted, which meet the criteria:

	Cost £000	Annual Savings £000
Energy saving lighting	46	8
Scanning	65	26

3.3 The detailed bids are included at Appendix 2.

4.0 POLICY IMPLICATIONS

4.1 None.

5.0 OTHER IMPLICATIONS

5.1 None.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

- 6.1 Children and Young People in Halton**
- 6.2 Employment Learning and Skills in Halton**
- 6.3 A Healthy Halton**
- 6.4 A Safer Halton**
- 6.5 Halton's Urban Renewal**

There are no direct implications for the Council's priorities, however, the budget supports the delivery of all Council priorities.

7.0 RISK ANALYSIS

- 7.1 The agreed criteria minimise any risk associated with the fund.

8.0 EQUALITY AND DIVERSITY ISSUES

- 8.1 None

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

- 9.1 There are no background papers under the meaning of the Act.

Guidance on the Submission of Invest to Save Applications

1. An Invest to Save application form must be completed for each proposal.
2. Invest to Save proposals must be agreed with the Operational Director, Financial Services prior to submission to Management Team, in order to confirm the robustness of the financial assumptions made.
3. All applications must be submitted to Management Team by 31st July 2007, to enable competing proposals to be properly evaluated.
4. Management Team will consider proposals in the light of the Council's financial position and corporate priorities, and will recommend proposals to Executive Board Sub Committee for approval.
5. Management Team will recommend, on a case by case basis, the proportion of revenue savings from each proposal to be repaid to the Invest to Save Fund, and how the balance will be used to meet budget savings targets.
6. Executive Board Sub Committee will consider all Invest to Save proposals for approval.
7. On a six monthly basis, Management Team and Executive Board Sub Committee will receive a report setting out progress with all current Invest to Save Projects, including quantification of savings achieved to date.
8. The Invest to Save Fund will provide one-off funding for revenue or capital expenditure.
9. Proposals which generate the most significant revenue savings in the shortest period of time and are sustainable, whilst having an impact upon the corporate areas of focus or LAA targets, will be most likely to receive approval.
10. It is expected that all alternative sources of internal and external funding have been explored and found unsuccessful, prior to submitting an application for Invest to Save funding.

APPENDIX 2

DIRECTORATE:	Children & Enterprise		
DEPARTMENT:	Economy, Enterprise & Property		
CONTACT OFFICER:	John Hughes	DATE:	Aug 2011

1. Outline of the Invest to Save proposal, including what the funding will be spent on.

The technology in energy saving lighting has advanced over recent years and the development particularly in LED lighting has reached the stage where it is becoming financially viable to install these as an energy efficient alternative to the more traditional fluorescent tubes.

In conjunction with an external energy consultant we have undertaken a study with regards a proposal to replace the existing fluorescent lighting at Kingsway Learning Centre with LED lighting. This has indicated that it will be feasible to install new LED tubes into the existing light fittings which will help us save an estimated 45 to 50 tonnes of CO2 per annum.

The proposal will reduce our electrical consumption at the building by an estimated 93,465kw/h per annum which at today's prices will help us save circa £8,290 per annum, giving us a payback period of circa 5 years as the estimated cost of installation is £46,000.

Kingsway Learning Centre has been chosen as the building to 'pilot' this technology as the opening hours are longer than a standard office type building thus the potential savings we are able to generate are greater. LED lighting consumes in the region of 60% to 65% less energy than traditional lighting as such we have used these figures in our assessment. We have assumed that the lighting accounts for 45% of the electrical consumption within the building, which we believe is a fairly accurate estimate.

Assessment

Kingsway Learning Centre actual electrical consumption for 2010-11	330434kWh
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Lighting @ 45% of overall	148695kWh
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Estimate of LED consumption @ 63% reduction	55232kWh
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Saving	93463kWh
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Current unit rate	day	8.3162p
	Night	4.8424p

Split is currently (12 month average)	87/13%
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Projected annual unit saving	£7350.50
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Annual CCL saving	£453.50
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Total energy bill saving at current prices	£7703.80
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Total energy bill saving if 10% increase	£8538.50
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Total energy bill saving if 20% increase	£9273.50
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CRC Impact

93463kWh equates to 48.881tCO₂

@£12/t

£586.57

Projected Payback

At an installation cost of £46k and current prices

5.55 yrs

At an installation cost of £46k and 10% unit price increase

5.04 yrs

At an installation cost of £46k and 20% unit price increase

4.66 yrs

2. Amount of Invest to Save funding required (£'000)

£46,000 is the estimated figure of the installation; we will have to obtain quotations with regards actual costs however.

3. What on-going revenue budget savings are anticipated from this proposal?

2011-12 £'000	2012-13 £'000	2013-14 £'000	2014-15 £'000
£8,290	£8,290	£8,290	£8,290

4. What are the risks to not achieving this level of savings?

The calculations have made some assumptions as indicated above. Whilst we are confident that the LED lighting will consume 60% to 65% less energy than conventional fluorescent tubes the calculation assumes that the lighting will be on for certain periods each day over a 6 day working week. If our estimates are on the high side the payback period will be extended, however it should also be noted that the maintenance costs are likely to reduce on the lighting due to the longevity of LED lighting yet we have not taken this into account in the calculations so this will help with the savings.

The above figures are calculated based on the energy costs as of today, if these change in the future this will affect the payback period. Rates are due to be amended from October 1st and as energy prices are only likely to raise in the medium to long term this will have the affect of reducing payback periods. The above figures include an analysis if the rates increase by either 10% or 20% which is a likely outcome, thus the payback period is likely to reduce as indicated.

5. How sustainable will the savings be?

The savings are sustainable and will go on year on year as such over time not only will we continue to see reduced carbon emissions but we will continue with ongoing financial savings

6. What alternative sources of funding (HBC or external) have been explored to fund this proposal?

Initially we looked at a proposal put forward by a company called ethos ethical energy to enter into a financial arrangement whereby we will purchase the units over a 6 year period, however after investigation this appeared to be a very expensive way of purchasing the lighting as such it would more cost effective to finance the proposal up front. No other suitable funding streams have been identified internally however we are looking at possible Salix funding and this is being investigated, an application will be submitted if feasible.

7. What would be the impact of the proposal upon the Council's corporate areas of focus, LAA targets, performance indicators, cpa scores, outcomes for service users, access to services, etc?

The outcome of this proposal will be a reduction in carbon emissions which will help with the drive to reduce our carbon emissions by 4% per annum over the next couple of years.

8. Will the proposal result in lessons/experience that can be rolled out across other areas of the Council?

It is intended that this will be a 'pilot' project with further installations being rolled out at suitable buildings in due course subject to funding. The results of this first installation will be monitored to determine actual savings achieved, this is possible due to the fact that AMR energy data is available on site so we can determine the exact reduction in energy consumption from which we can determine the financial saving.

9. What is the estimated timescale to implement the proposal if it were approved?

It is intended to obtain quotations for the work over the next couple of months following which we hope to award the work and have the installation carried out within this financial year.

INVEST TO SAVE APPLICATION

DIRECTORATE:	Policy & Resources		
DEPARTMENT:	Finance		
CONTACT OFFICER:	Richard Rout	DATE:	September 2011

10. Outline of the Invest to Save proposal, including what the funding will be spent on.

Implementation of digital scanning, electronic Document Workflow and digital filing into the HR Division. This will be rolled out to cover payroll, technical services and employee services activity. The funding will cover the purchase of 45 licences for Northgate@Work, implementation support, and first year support and maintenance

11. Amount of Invest to Save funding required (£'000)

65

12. What on-going revenue budget savings are anticipated from this proposal?

2012-13 £'000	2013-14 £'000	2014-15 £'000	2015-16 £'000
£26,212	As 2012/13	As 2012/13	As 2012/13
<u>Staff savings consist of:</u> 0.5 FTE HBC4 Learning & Development Support Officer £12,145 1 FTE HBC2 HR Support Assistant £19,614 0.12 FTE HBC5 HR Assistant £3,233 0.18 FTE HBC2 HR Support Assistant £3,445 <u>Ongoing costs incurred:</u> Maintenance charge - £2,925 p.a. Scanning Cost - £9,300 p.a. (Estimated number of sides to be scanned - 100,000. Actual to be determined as system and processes implemented)			

13. What are the risks to not achieving this level of savings?

No significant risk. The posts will be deleted as the system is implemented and goes live. There will not be an option to reinstate them.

14. How sustainable will the savings be?

Sustainable annual Revenue savings as the posts will not be re-established. The Document workflow system is to be provided by an existing supplier to the Council so the costs are known.

15. What alternative sources of funding (HBC or external) have already been explored to fund this proposal?

N/A

16. What would be the impact of the proposal upon the Council's corporate priorities, performance indicators, outcomes for service users, access to services, etc?

The proposal is designed around improvement and streamlining of internal support processes. This supports the Council's priority around Corporate Effectiveness and Business Efficiency. It will enable better tracking and storage of information, and more controlled allocation and monitoring of work. This will speed up many of the processes within HR and also the response times to queries. Following implementation, the interface with service users (predominantly HBC managers) can be developed.

17. Will the proposal result in lessons/experience that can be rolled out across other areas of the Council?

Yes. It is anticipated that Document Workflow will be implemented into other areas on a phased basis.

18. What is the estimated timescale to implement the proposal if it were approved?

Implementation during Autumn 2011, coming into operation incrementally across teams within HR by the start of 2012/13 Financial Year.