CS/14/38
Place Scrutiny Committee
19 November 2014

Devon County Council

Energy Policy Task Group

Final Report

Place Scrutiny Committee

November 2014

www.devon.gov.uk

HEADLINES

Devon County Council, having already saved £100 million over the last four years, has to save a further £110 million by 2017 due to cuts in Government funding. By overhauling the way the Council manages its energy consumption across the corporate and schools estates and by investing in renewable energy, significant monetary savings can be achieved and an income generated which would help **fund and safeguard public services** in the future.

Reducing the Council's energy usage, alongside investing in renewable energy, would also benefit the environment, the local economy, residents and educational outcomes.

Strong business cases already exist to reduce energy consumption and invest in renewable energy. However, despite this, the Council's financial **investment strategy currently achieves a net loss of money** because the investments devalue at a greater rate (inflation) than they return via the interest rate(s).

Devon County Council's strategic plan, *Better Together 2014-2020*, aims to challenge the Council's traditional way of thinking and the way it manages services, with the focus firmly on outcomes for individuals and communities.

The Council's current hesitant approach to reforming its energy management practices is the very result of its traditional ways of thinking. Opportunities for significantly reducing energy costs and generating an income are being missed, leading to **negative outcomes for the people of Devon**.

A shift towards focussing on solutions and opportunities, rather than barriers, needs to be made across the organisation and among senior leadership.

INTRODUCTION

1. Following a suggestion from Devon County Council's Head of Highways, Capital Development and Waste, the Place Scrutiny Committee established a task group in March 2014 to review the implementation of the "One Council" Energy Policy and Strategy, adopted by Cabinet in July 2013, which sits beneath the Council's Environmental Policy. The task group also reviewed the Council's latest Environmental Performance Statement, which reports activity against the Environmental Policy.

2. Considerable challenges lie ahead for the County Council, especially with regard to energy costs. The current cost of energy to the Council is approximately £18m per year. The annual energy costs in 2020/21 are forecast to be £28m due to energy price rises. This means that, cumulatively, an additional £55m will be required over the next six years to pay the Council's energy costs. The set of mitigating measures being pursued by the Council's Environmental Performance Board, if implemented in full, combined with the contraction of the organisation due to austerity measures, could reduce the energy costs in 2020/21 to between £12.6m and £18.2m depending on the investment models pursued.

3. The task group also evaluated the County Council's approach in engaging with communities to help people understand energy issues and develop potential solutions to reduce energy consumption and energy costs, and generate community owned renewable energy.

4. Councillors Tony Dempster, Andrew Eastman, Gordon Hook, Ray Radford and Robert Vint served on the group. In a series of seven meetings from June until October 2014, they collected evidence from various sources, including (for web links see Appendix II):

- Devon County Council's Environmental Policy, May 2011
- Devon County Council's Environmental Policy webpages
- The "One Council" Energy Policy and Strategy, July 2013
- Devon County Council's Environmental Performance Statement 2012/13
- Department of Energy & Climate Change: Community Energy Strategy, January 2014

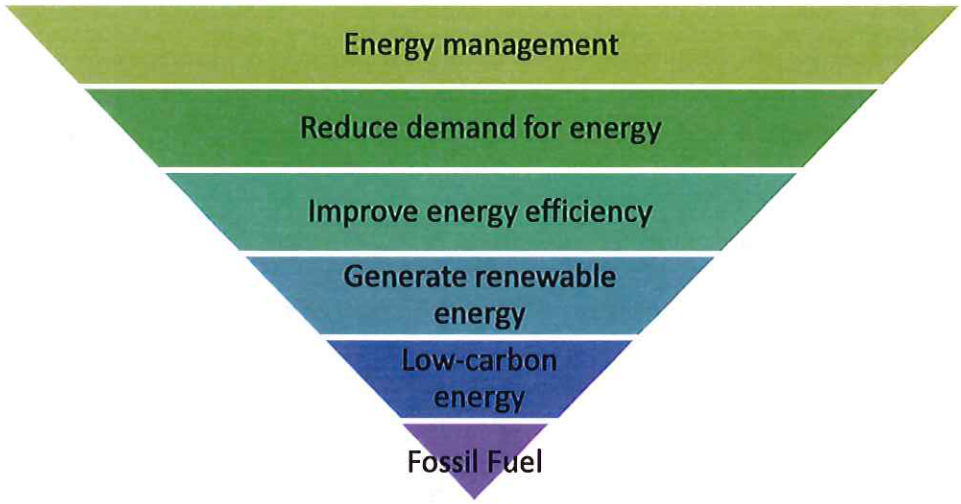
5. The task group also interviewed representatives from the following service areas or organisations in person:

- Devon County Council's Environment Group, Built Environments, Corporate Assets, Street Lighting
- Devon Finance Services
- Investments and Pension Fund
- The Heads of Highways, Capital Development & Waste and Business Strategy & Support
- South West Devon Community Energy Partnership
- Exeter Community Energy
- Plymouth Energy Community
- Site Visit to Okehampton College
- Argand Solutions

FINDINGS

6. Devon County Council faces significant financial challenges in the near future if it fails to grasp opportunities to cover its energy costs, to reduce its energy usage and to generate energy and income from renewable energy sources. There is a huge untapped potential for both energy savings and income generation using the Council's buildings and land assets by utilising available capital, be it by using the its reserves, borrowing, or engaging with community energy initiatives to issue shares in projects. A shift towards focussing on solutions and opportunities needs to be made across the organisation.

7. The following energy hierarchy classifies energy options, prioritised to assist progress towards a more sustainable energy system. Any plan to minimise energy costs must start with effective energy management which uses reliable consumption data to measure, benchmark and report energy consumption. The energy management function enables the development of a prioritised plan to implement the lower tiers of the hierarchy in the most cost-effective fashion:



8. Reducing Devon County Council's current energy usage, alongside investing in renewable energy, would benefit

a) **the environment**: Consuming energy derived from fossil fuels produces greenhouse gases which contribute to climate change; and emits local air pollution which causes damage to plants and animals, affecting vital natural cycles we rely on such as crop pollination and water purification.

b) **public services**: Less expenditure on energy by the County Council and income generated by renewable energy equates to more funding available for the services it commissions and provides.

c) **the local economy**: Millions of pounds spent on commercial and domestic energy with "the big six" and petroleum companies leave the Devon economy each year, which is not benefiting the local economy. For example, at least £400m[1] (20% of economic output) and £300m[2] (11% of economic output) leave southwest and northern Devon in this way respectively. If locally-owned energy schemes were

incentivised, such as those already in operation in Wadebridge, Plymouth, Totnes and South Brent, a percentage of this sum would start to be retained and returns could be re-invested into the community. According to the New Economics Foundation, every £1 spent with a local supplier is worth £1.76 to the local economy, and only 36 pence if it is spent out of the area.

d) **residents**, be it by providing lucrative investment opportunities offering at least twice the average return with a lower-than-average risk, by helping to tackle fuel poverty or by reducing the emission of harmful pollutants which contribute to respiratory and cardiovascular disease and cost the UK economy £19b each year[3].

e) **communities:** Community energy cooperatives provide opportunities to bring local people together for a common purpose, promote a sense of belonging and offer increased autonomy, empowerment and resilience by providing long term income and local control over finances.

f) **educational outcomes**: Reducing energy and investing in renewable energy raises awareness of energy issues and sustainability amongst staff, visitors to the Council's sites and school children – tomorrow's consumers.

PROGRESS OF THE ENERGY STRATEGY

9. Devon County Council's "One Council" Energy Policy and Strategy defines the targets for the Council to reduce its energy consumption and greenhouse gas emissions by 15% by 2020 and produce 15% of the remaining energy consumption from renewable sources, in line with the European Union's 2020 energy reduction targets. The Environmental Performance Board, which is responsible for overseeing the Strategy's delivery, currently estimates that the "15-15-15 by 2020" target would be exceeded.

10. The Strategy consists of three strands:

a) Pursuing existing, individual short-term "spend to save" energy saving and renewables initiatives across service areas;

b) Using the Energy Supply Company (ESCo) model to deliver guaranteed energy savings in corporate buildings and schools, effectively using private sector funding and income from generating renewable energy to retrofit renewable energy infrastructure at no upfront cost to the Council. However, under this model the feed-in tariff is allocated to the private sector developer in return for low-cost electricity, rather than the Council benefitting from 100% investment return;

c) Progressing the Corporate Renewables Strategy, renewable energy for County Farms, park & ride and redundant landfill sites.

11. The Environmental Performance Board reports its activity to the Corporate Leadership Team via the Meeting the Challenge Programme, however it has established no reporting mechanisms to members, other than with relevant portfolio holders.

Recommendation 1: To develop the ongoing scrutiny of the "One Council" Energy Policy and Strategy and associated opportunities for monetary savings and investment returns, with a formal reporting mechanism to Members.

The Corporate Estate

12. Devon County Council's corporate estate is shrinking. The on-target Estates Strategy 2012-2017 (see Appendix II) sets out the approach to property rationalisation and to improving retained buildings. As the size and nature of the remaining estate begins to emerge, the potential for future energy schemes is being explored internally.

Recommendation 2: To collect accurate energy consumption data across the corporate estate and to record the data so that it relates to the size of the estate.

Energy Reduction and Efficiency

13. The average rating for the Council's buildings is category "D" on the Display Energy Certificates (DEC), which matches the UK average but leaves significant room for improvement. The Grade II* listed County Hall has a rating of "E" predominantly due to its "closed-plan" offices, computer server room and single glazing; the modernisation of its heating system is impending to reduce carbon emissions.

14. It is recognised in the energy hierarchy that energy reduction and efficiency takes priority in order to reduce energy waste before generating it. Measures which have already been implemented in parts of the corporate estate include insulation, double glazing, boiler replacements, voltage optimisation and installation of the latest fluorescent and LED lighting, some with movement and daylight detection. An Energy Supply Company (ESCo) retrofit pilot scheme in two buildings was funded in the autumn of 2013, installing replacement lighting, voltage optimisation and building management systems in spring 2014. These schemes guarantee the Council's return on investment; if the estimated energy savings are not achieved the ESCo company pays the County Council the difference. The Environmental Performance Board is measuring the benefits this autumn in order to inform future investment in further schemes.

15. A starting point in transforming any building's energy consumption is to analyse its energy consumption statistics. During the task group's investigation, officers agreed that the collection of more detailed consumption data and subsequent analysis is needed; only 68% and 46% of corporate electricity and gas supplies have automatic meter reading (AMR) respectively, and in schools the figures are 33% and 2%. Additional installation of high-frequency AMR technology combined with automatic monitoring and targeting (AM&T) software, overseen by a dedicated energy management function would control consumption and identify opportunities for further reduction. Devon County Council's existing AM&T software, eSight, is not currently used to its full potential; it is just used to record meter readings. Only what is measured can be controlled and managed.

16. NPS SW Ltd currently records energy consumption on eSight using data from AMR and by obtaining data from manual meter readings. Monitoring and managing energy consumption does not currently happen on a formal basis, but is implemented on a reactive basis when issues arise. An energy management function to measure, monitor and manage the consumption of all utilities effectively, i.e. gas, water and electricity, is critical. Evidence demonstrates that excessive consumption can go undetected without effective energy management, costing the Council thousands of pounds. Automated gas meter readings can be installed for as little as 35p per building per day; a small amount considering the potential monetary savings.

Recommendation 3: To implement an energy management system across the corporate and schools estates to measure and monitor the consumption of all utilities, i.e. gas, water and electricity, in order to manage and reduce the County Council's energy consumption and financial expenditure.

17. Once a building's energy consumption is being measured with high frequency data and effectively monitored, any irregularities can be immediately detected, e.g. heating programmes not aligned with building operating hours, lighting systems left on overnight, air conditioning operating at the same time as heating systems and solar PV modules not generating as expected.

18. There is a wealth of opportunities to reduce energy consumption and costs across the corporate estate. Knowledge of the sites, buildings and rooms is of course indispensable, as is the will to make it happen.

Renewable Energy

19. Payback periods following investment in renewable energy are shortest if the demand for electricity is aligned with when it is being generated, i.e. for solar PV this is during the day, which makes this particular technology ideal for public buildings. Additional photovoltaic units are currently being installed at Great Moor House and also a new system at Exmouth Library as part of a pilot ESCo retrofitting scheme. Additionally, photovoltaic units are also being considered at Barnstaple Library, subject to a business case being produced.

20. However, estate-wide deployment of building-mounted renewables cannot meet the 15% target. Potential further locations have therefore been identified for large-scale solar installations and wind turbines. Different funding options are being explored for these. Since February 2014, the Environmental Performance Board, the Council's investments team and the Corporate Asset and Capital Planning Group have been engaging regarding installing photovoltaic systems at park & ride and redundant landfill sites. Generating geothermal, wind and/or solar energy on the farms estate is a further potential option. During this financial year, NPS SW Ltd is looking at opportunities for the generation of solar energy across the remaining corporate estate.

Recommendation 4: To develop a clear and concise renewable energy strategy, identifying a prioritised list of suitable sites across the corporate estate, based on evidence of current energy consumption levels and projected return rates from individual sites.

The Schools Estate

21. The measures described above apply not only to the corporate estate but to the schools estate as well. One school the task group visited, Okehampton College, had managed to improve its energy efficiency from a DEC rating of E to B in every building on its site, reducing the annual £100,000 bill to nearly zero and saving 300 tonnes of CO_2 per year. The school also incorporates its approach to energy into the curriculum, teaching students about climate change and sustainability. The College has achieved international recognition and is recognised as one of Europe's most energy-efficient schools. The task group felt that not utilising this outstanding example of best practice more in order to improve energy efficiency across the schools estate would be a missed opportunity.

Recommendation 5: To work towards replicating the Okehampton model across the schools estate and explore measures by which this might be achieved, including utilising the knowledge, skills and expertise at Okehampton College.

22. After the "One Council" Energy Policy and Strategy had been launched, it was presented to the Devon Education Forum but increasing energy efficiency seemed low on schools' agenda and the Council assumes only a facilitating role with schools. This is predominantly because schools' energy bills are paid locally and each school determines how to spend its own budget.

23. The 2013/14 Greenhouse Gas Report (see Appendix II) states that the current annual energy bill for the education estate is £5.26m with a carbon footprint of 20,600 tonnes of CO_2 equivalent (tCO_2e) – 65% of which is for heating, demonstrating the need for efficient boilers and insulation. These totals represent the largest component, one third, of the Council's carbon footprint. The figures also mean that schools are the highest emissions source and the most costly element of the Council's carbon footprint. Retrofitting the nearly 300 schools in the Council's portfolio, which excludes academies, represents a significant challenge because many of them have a poor energy performance and poor energy infrastructure, including outdated and inefficient boilers and lighting systems. This has contributed to a significant maintenance backlog and payback periods for projects that are not attractive to private investors.

24. Nevertheless, two schools have completed a £400,000 ESCo retrofit investment pilot that has included renewable energy technologies. A further 22 pilot schools, including academies, are currently shortlisted to be retrofitted with energy efficiency and renewable energy technologies which the task group understands is likely to make use of an internal loan arrangement of a total value of approximately £1m, providing the schools are prepared to take out loans. However, even with a learning community-based solution it will take over a decade to complete the entire estate at current deployment rates.

Recommendation 6: Following an evaluation of the pilot installations, identify how to accelerate the rate of retrofitting schools with energy efficiency and renewable energy technologies in combination with recommendations 3 and 4.

FINANCING RENEWABLE ENERGY

25. A central financial policy for Devon County Council, as defined by the administration, is not to increase the level of borrowing by the authority, which has traditionally been very prudent and cautious in their financial investments and, wherever possible, reduces borrowing levels. Similarly, the overall aims of the Council's investment strategy are to:

a) limit the risk to the loss of capital;
b) ensure that funds are always available to meet cash flow requirements;
c) maximise investment returns, consistent with the first two aims.

26. According to the Treasury Management Stewardship Annual Report 2013/14 (see Appendix II), investment returns of 0.73% were under-achieved against a full year target return of 1.00%. The Council currently invests £122m. The average inflation rate in the United Kingdom in 2013/14 was approximately 2.3%. Any investment which achieves a return below the inflation rate actually loses money because the investment devalues at a

greater rate than the investment returns (interest rate). The task group recognises that stipulations mean the investments might not be able to achieve a higher return but the shortfall of approximately 1.5% (2.3-0.7) equates to a net loss of £1.8m during 2013/14.

27. Investments in renewable energy achieve guaranteed minimum returns of between 10% and 12% for photovoltaic installations and more for wind turbines. Devon County Council currently invests in renewable energy only in accordance with its financial policies, i.e. no increase in the level of borrowing and ensuring that investment funds are always available to meet cash flow requirements. Capital investment bids are considered on their merits but only in accordance with these limiting stipulations. With limited capital finance, schemes also have to compete with other bids and existing commitments, e.g. the Connecting Devon and Somerset superfast broadband initiative. Capital investment is possible if the business case is robust enough. A recent example of capital investment with a repayment period of 2.5 years is the conversion of street lighting to part-night lighting.

28. Capital investment in renewable energy has the potential to generate an income for the Council in the medium and long term. Some officers have argued that investment in renewable energy would be difficult to justify while services are being discontinued. The task group believes that the opposite is the case: Failing to grasp opportunities for income generation in the current climate seems to the detriment of the population of Devon as any additional income can actually safeguard and help fund local services in the future.

29. The "One Council" Energy Policy and Strategy states that the Council commits to provide sufficient resources to implement it in order to minimise energy costs and carbon emissions. This commitment has not been fulfilled at present. Accessing funding for projects is the main barrier to implementing the Strategy, but there are options available. Devon County Council's strategic plan, *Better Together 2014-2020*, aims to challenge its traditional way of thinking and the way it manages services, with the focus firmly on outcomes for individuals and communities.

30. The task group is surprised that the County Council does not invest its reserves into renewable energy, and instead favours private companies profiting as is the case with the Energy Supply Company (ESCo) model. But although the Council could generate more income from installing renewable energy equipment on their assets using public money rather than by incentivising private sector investment, it actually loses money every day by not doing either.

Recommendation 7: To review the County Council's approaches to borrowing and investing capital reserves when presented with low risk, high return investment opportunities such as energy efficiency projects and renewable energy.

31. Members also question why in an environment where the County Council prefers not to invest its reserves into renewable energy, it is not enabling the public to buy shares in renewable energy initiatives on its buildings and/or land in order to raise the necessary funds.

ENGAGING WITH COMMUNITIES

32. Local authorities are uniquely placed to work with communities and partners to increase the reach and scale of efforts to reduce energy bills, fuel poverty and emissions in their local area. Engaging with community owned energy schemes can also help them

meet wider local government priorities involving community integration and development, economic regeneration and jobs. The Community Energy Strategy published by the Department of Energy & Climate Change (DECC) highlights Government's desire to see local authorities showing leadership to help deliver community energy projects, which benefit a community in a number of ways:

a) a fair rate of return for the community investors of between 4% and 6% depending on the scale of the project, guaranteed by the feed-in tariff income;
b) reinvestment surplus profits into a community fund which provides funding for further local (energy-related) projects and
c) covering the running costs of the project.

Case study: The Plymouth Energy Community

The Plymouth Energy Community was established with extensive support from Plymouth City Council following a need in the City to help people save money and energy, and to tackle fuel poverty. The Energy Community supports: a community energy-tariff switching scheme; two debt advisers; a home insulation programme in partnership with British Gas; and a solar PV installation scheme on schools and community buildings which offers a return of 6% to community investors. The Council provided a £500,000 loan from the Council's investment fund to get the cooperative established.

The solar PV installations funded by community investment. Plymouth Energy Community raised £600,000 in seven weeks through a community share offer, which has led to 23 solar PV installations on local schools. These were installed in nine months. Over 50% of the investors originate from PL1-PL 9 post codes, and 30% of investors invested less than £300.

Over a twenty-year investment cycle it is forecast that the Energy Community will generate a surplus income of £900,000 which could be reinvested in further installations.

The Plymouth Energy Community is insured against the failure of installations, covering e.g. investment returns and re-installation cost.

33. Devon County Council has provided support to the community energy sector through the SEACS project, match-funded by Devon County Council and the EU. For example, the South West Devon Community Energy Partnership brought together a dozen groups representing community energy interests to work together with the district authorities and Dartmoor National Park to identify opportunities for a community energy plan for the area. A similar partnership with a smaller membership was established in the north of the county which included a newly-establish group, Energy 361. These partnerships piloted community engagement methods to change the way people use energy, and received additional funding from the Energy Saving Trust and DECC to open homes for viewings which were refurbished for energy efficiency, run energy clinics and train community energy champions. Furthermore, Exeter Community Energy received financial support from Devon County Council and Exeter City Council following an application to the Exeter Board.

34. The Cosy Devon scheme is a framework created by Devon and Torbay councils to provide energy efficiency measures to private sector residents in Devon and Torbay. E.ON was appointed as the long-term delivery partner to provide these measures, which is

hoped to be up to 7,000 installations by March 2015. A small referral fee is available to community groups who find households suitable for an energy retrofit measure.

35. Public sector assets are particularly attractive to community energy groups because they can demonstrate an enhanced community benefit to their potential investors in comparison with installing renewable energy on privately-owned sites. However, to date Devon County Council has had limited engagement with community energy groups, notably Exeter Community Energy and Totnes Renewable Energy Society, because financial returns to the Council are greater if it can fund renewable energy schemes itself. Whilst this is true, and it can be argued that reinvesting financial returns from energy projects in frontline council services is providing a form of community benefit, access to capital is a significant issue which is delaying deployment of renewable energy on council assets whilst the Government's feed-in tariffs continue to decline. Financial benefit to the Council still exists from community-owned schemes through reduced energy costs. Indeed a mixture of approaches of offering some assets for community investment, others for 100% council investment, and others for joint council and community investment could be used to achieve a wide range of benefits for multiple parties.

36. According to *Better Together 2014-2020*, Devon County Council's aim is to work with partners to help people and communities control their own future. If set up correctly, renewable energy projects can offer a reliable income which is retained in the local economy and initiatives are well-placed to motivate residents to get involved with renewable energy: A community-owned wind turbine in South Brent, for example, received no objections during its planning application process and now generates a 5% return for the resident investors. Initial funding would be needed to set up the community business as well as find suitable sites, e.g. publically-owned buildings or land. Finance for this could be accessed via the Government's Rural and Urban Community Energy Funds

37. By cooperating with local communities, Devon County Council could reduce its costs and increase investment in the area while residents also have an opportunity to reduce their costs and gain a further income, with various additional social benefits, e.g. tackling fuel poverty. DECC commissioned research in 2013 suggesting that consumers, including vulnerable consumers, are more likely to take part in schemes if they were organised or supported by their local authority.

Recommendation 8: To identify council assets appropriate for community-funded renewable energy projects, develop an approach for offering these for community investment and determine how individual initiatives can be supported.

PENSION FUND

38. In 2013, the Lancashire County Pension Fund invested £12m in a community-owned solar power cooperative in Oxfordshire. The index-linked bond will be repaid over 23.5 years and provides a rate of return to the Pension Fund equal to the Retail Price Index (RPI) plus 3.5%. Over the lifetime of the project, the cooperative's members should earn around a 10% annual return on their investment. The bond provides the solar cooperative with long-term finance, whilst Lancashire County Council secures a low-risk investment which helps to match their index-linked pension fund liabilities.

39. The Devon Pension Fund has similar opportunities for investing into bonds with minimal risk providing a minimum 5% return on a long-term investment. Risk would be

kept to a minimum because a community energy partnership could deal with the administration of the project(s) and investment would only be made once the project(s) had successfully gained planning permission. Funding to aid the development of any project(s) could be accessed via the European Local Energy Assistance fund, for example.

40. The task group appreciates that the Pension Fund's only purpose is to provide pensions to its members and its resulting investment policy seeks to secure the investments needed in order to fulfil this purpose. Investments are not made to realise any other benefits, e.g. of a social or environmental nature. The Investment and Pension Fund Committee oversees the investment strategies and manages the risks associated through diversification between different types of investments. Any proposal which would be brought to the Investment and Pension Fund committee would have to guarantee at least an equal return on current investments, and it would have to fit with the asset allocation strategy which sought to spread investments diversely.

41. The Pension Fund does not have the resource to directly manage any renewable energy project or put together a business case. However, the Council already has experience of working with local organisations which have this expertise including NPS, RegenSW, Devon Association for Renewable Energy, and Communities for Renewables; the latter two of which are social enterprises which work with local authorities, supporting councils to set and achieve their ambitions regarding sustainable energy.

42. The Pension Fund could consider a business case which demonstrated that its criteria for investment would be fulfilled. The Pension Fund already invested in renewable energy projects via its allocation to infrastructure funds. Any new investment would have to be of a value of £15-20m and in order to reach this dimension, Devon County Council could put forward suitable assets across its land assets, corporate buildings and school estate for renewable energy installations and pair them with a number of community energy initiatives, with a professional body overseeing the development of a business case for investment. The ongoing administration could be provided by a social enterprise, industrial and provident society or similar.

Recommendation 9: If the use of capital reserves and prudential borrowing continues to be unviable (referring to recommendation 7), the existing outline business case prepared by the Environmental Performance Board for the development of solar PV on redundant landfill sites and park & ride facilities, and wind turbines on County Farms, should be presented to the Investment and Pension Fund Committee.

Recommendation 10: If the use of capital reserves and prudential borrowing continues to be unviable (referring to recommendation 7), Devon County Council should enter into a partnership with an expert body in order to produce a business case for investment by the Pension Fund in renewable energy installations across the corporate and schools estate, incorporating community investment.

CONCLUSION

43. Following a very in-depth investigation, the task group came to the conclusion that the Environmental Performance Board has appropriately identified energy consumption as one of Devon County Council's most signficant environmental risks. The Energy Policy is fit for purpose, and its targets are appropriate given UK and EU aspirations. A variety of projects continue to be implemented in buildings and the street lighting inventory, but opportunities for significantly reducing its energy costs and generating income from renewable energy sources are not being pursued due to a lack of access to finance.

44. Furthermore, the Council's financial investment strategy currently achieves a net loss of money because the investments devalue at a greater rate than they return via the interest rate(s). This leads to negative outcomes for the people of Devon, including service cessations or reductions, millions of pounds spent on energy leaving the Devon economy each year, or fuel poverty. A shift towards focussing on solutions and opportunities needs to be made across the organisation.

45. It is essential that appropriate scrutiny arrangements are maintained to oversee how the Council's approach to energy efficiency and renewable energy is reformed. The task group suggests that the implementation of its recommendations is reviewed in June 2015, when future scrutiny arrangements will also be agreed. The task group also proposes that all those committees and corporate bodies on whose work the task group's recommendations impact, e.g. the Investment and Pension Fund committee and the Member Asset Group, receive a copy of this report at their next meetings.

46. The task group would like to thank all those who participated in the process, for the detailed evidence they gave to the task group, for their time and effort and continued commitment to helping to shape this review and its recommendations for improvement. The group is also indebted to their Scrutiny Officer who organised meetings, collated evidence and produced this document on the members' behalf.

Councillors Tony Dempster
Andrew Eastman
Gordon Hook, Chairman
Ray Radford
Robert Vint

Copies of this report may be obtained from the Democratic Services & Scrutiny Secretariat at County Hall, Room G31, Topsham Road, Exeter, Devon, EX2 4QD or by ringing 01392 384383. It will also be available on the County Council's website at:
www.devon.gov.uk/index/councildemocracy/decision_making/scrutiny/taskgroups.htm

If you have any questions or wish to talk to anyone about this report please contact Janine Gassmann, Scrutiny Officer, tel. 01392 384383 or email janine.gassmann@devon.gov.uk

APPENDIX I

SUMMARY OF RECOMMENDATIONS

1	To develop the ongoing scrutiny of the "One Council" Energy Policy and Strategy and associated opportunities for monetary savings and investment returns, with a formal reporting mechanism to Members.
2	To collect accurate energy consumption data across the corporate estate and to record the data so that it relates to the size of the estate.
3	To implement an energy management system across the corporate and schools estates to measure and monitor the consumption of all utilities, i.e. gas, water and electricity, in order to manage and reduce the County Council's energy consumption and financial expenditure.
4	To develop a clear and concise renewable energy strategy, identifying a prioritised list of suitable sites across the corporate estate, based on evidence of current energy consumption levels and projected return rates from individual sites.
5	To work towards replicating the Okehampton model across the schools estate and explore measures by which this might be achieved, including utilising the knowledge, skills and expertise at Okehampton College.
6	Following an evaluation of the pilot installations, identify how to accelerate the rate of retrofitting schools with energy efficiency and renewable energy technologies in combination with Recommendations 3 and 4.
7	To review the County Council's approaches to borrowing and investing capital reserves when presented with low risk, high return investment opportunities such as energy efficiency projects and renewable energy.
8	To identify council assets appropriate for community-funded renewable energy projects, develop an approach for offering these for community investment and determine how individual initiatives can be supported.
9	If the use of capital reserves and prudential borrowing continues to be unviable (referring to recommendation 7), the existing outline business case prepared by the Environmental Performance Board for the development of solar PV on redundant landfill sites and park & ride facilities, and wind turbines on County Farms, should be presented to the Investment and Pension Fund Committee.
10	If the use of capital reserves and prudential borrowing continues to be unviable (referring to recommendation 7), Devon County Council should enter into a partnership with an expert body in order to produce a business case for investment by the Pension Fund in renewable energy installations across the corporate and schools estate, incorporating community investment.

APPENDIX II

LINKS TO DOCUMENTS REFERRED TO IN THE REPORT

Department of Energy & Climate Change: **Community Energy Strategy**, January 2014, especially chapter on local authorities, pp.27-33
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/275169/20140126Community_Energy_Strategy.pdf

Devon County Council's "One Council" **Energy Policy and Strategy**, July 2013
http://www.devon.gov.uk/loadtrimdocument?url=&filename=HCW/13/23.CMR&rn=13/WD753&dg=Public

Devon County Council's **Environmental Performance Statement** 2012/13
http://www.devon.gov.uk/environmental-performance-statement-2012-13.pdf

Devon County Council's **Environmental Policy**, May 2011
http://www.devon.gov.uk/Devon County Council-environmentalpolicy-may2011.pdf

Devon County Council's **Estates Strategy** 2012-2017
http://www.devon.gov.uk/estatesstrategy.pdf

Devon County Council's **greenhouse gas reports**
https://new.devon.gov.uk/energyandclimatechange/strategy/energy-strategy

Devon County Council's **Treasury Management Stewardship Annual Report 2013/14**
http://www.devon.gov.uk/loadtrimdocument?url=&filename=CT/14/46.CMR&rn=14/WD266&dg=Public

News article: **Lancashire County Pension Fund** invests £12m in the world's largest community-owned solar power station
http://www3.lancashire.gov.uk/corporate/news/press_releases/y/m/release.asp?id=201302&r=PR13/0065

ENDNOTES

[1] £400m in southwest Devon spent on energy – Lash, D. *et al.* (2013) South West Devon Strategic Energy Study. University of Exeter, Exeter. Available at: http://www.swdcep.org.uk/the-community-energy-plan/

[2] £300m in northern Devon spent on energy – Bell, A. *et al.* (2014) North Devon's Biosphere Reserve and Torridge District Energy Plan, North Devon Biosphere Reserve, Barnstaple. Available at: http://www.northdevonbiosphere.org.uk/biosphere-energy-plan.html

[3] Respiratory disease – Defra (2010) Air Quality Appraisal – Valuing Environmental Limits. Defra. Available at:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/182393/air-quality-valuing-env-limits-100303.pdf