

Cheltenham Borough Council

Cabinet Meeting – 6 December 2022

Use of the Green Investment Fund to upgrade the council's Building Management System

Accountable member:

Cllr Alisha Lewis – Cabinet Member for Climate Emergency

Accountable officer:

Gemma Bell - Director of Finance and Assets (Deputy Section 151 Officer)

Mike Redman - Director of Climate Change and Place Services

Accountable scrutiny committee:

N/A

Ward(s) affected:

All

Key/Significant Decision:

Yes – Key

(Climate Change Impact Assessment attached Appendix 2)

Executive summary:

The Heating and Energy Policy approved by Full Council in October 2022 included the following recommendation.

The Council will commit to reviewing and potentially upgrading the current building management systems where these are not performing effectively

This review has now been undertaken by looking at energy usage throughout the estate and completing a site survey of the existing provision of services.

Based on our findings there is an urgent need for investment in more fit for purpose building management systems across the Council's operational property estate. This includes the

Municipal Office, all properties managed by the Cheltenham Trust and the Swindon Road Depot.

With investment in the system and based on the prior year's energy prices, there would be an immediate saving of at least 10% which would lead to a quick investment payback of less than three years. If we utilise current prices, the payback becomes less than two years, as per the attached spreadsheet.

In February 2022, Full Council approved a £10m Green Investment Fund to support initiatives which would deliver a return and contribute to reducing the carbon footprint of the town. Detailed savings proposals and a full business case for the building management system was presented to the Green Investment Board on 27 October 2022. The business case was approved for a £151,000 capital investment from the Green Investment Fund towards the system. The remaining annual management costs will be covered by the savings delivered from the reduction in energy usage expected following installation.

The conditions of the Green Investment funding require Cabinet ratification of the decision made by the Green Investment Board which is reflected in the recommendations below.

Recommendations:

- 1. Approve a capital investment of £151,000 from the Green Investment Fund to install and/or upgrade the building management systems and monitoring arrangements across the council's operational property estate; and**
 - 2. Delegate authority to the Director of Climate Change, in consultation with the Director of Finance and Assets (Deputy s151 Officer) to procure and award the contract for the installation of the equipment and monitor the implementation.**
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1. Background

1.1. The current energy crisis is unprecedented. Last October, 4.5 million UK households were in fuel poverty. Now, National Energy Action predicts this will rise to 8.4 million households. The Council has also been directly affected financially by the current cost rises and must therefore take urgent action to effectively manage its energy usage. The current price increases are likely to continue for the foreseeable future, unless there is a major change in the factors driving the market. There is no obvious evidence of such change on the horizon, except the demand reduction that will inevitably follow. In line with other major organisations, the Council must decrease its energy usage quickly in order to manage expenditure this winter. This is also in alignment with the climate ambition to be Net Zero by 2030.

2. Reasons for recommendations

2.1. These recommendations will reduce our energy use in a consistent way, offering both carbon and financial savings for the council.

2.2. The recommended investment will also offer improved visibility of current systems and

energy performance to Council staff.

3. Alternative options considered

- 3.1. We have considered taking no action and remaining with the existing provider, but given current energy prices, this is considered financially unacceptable – see Appendix 1 (risk assessment).

4. Consultation and feedback

- 4.1. This report has been written in consultation with the Property team and the Climate Emergency Team. Discussions have been held with staff and the operators of our buildings, regarding the best way to manage our current energy usage.
- 4.2. The proposal has also been considered by the inaugural meeting of the Green Investment Board, which has unanimously recommended the investment for approval under the recently established Cheltenham Green Deal and financed by the Green Investment Fund.

5. Key risks

- 5.1. This is an improvement to the existing building management system, rather than the implementation of an entirely new system and building surveys have already been carried out in scoping the work for this proposal.
- 5.2. The Head of Property at the Cheltenham Trust has been briefed on the installation of the new system and is supportive of the proposal, as a method of demonstrating the environmental considerations outlined in the recently reviewed management agreement.
- 5.3. The proposal for installation across all our buildings is dependent on the success of the pilot at the leisure centre, which has already demonstrated significant savings. There have been some communication issues which will be dealt with by setting up a working party of The Cheltenham Trust, Property Services, IT and relevant contractors for each installation
- 5.4. Given the issues we have already found in the existing set up, we have included a further £20,000 for contingency works within the project scope and assessed payback calculations.

6. Implications

6.1. Financial implications

The current budget monitoring report presented to Cabinet in November 2022 included a £1m pressure caused by increased energy costs in 2022/23 and it is unlikely that this will be reduced back to 2021/22 levels in the next two years. The implementation of a fit for purpose building management system will reduce energy usage and support the Council

to minimise as much as possible the medium term impact of higher energy costs.

Signed off by: Gemma Bell, Director of Finance and Assets, 01242 264124

6.2. Legal implications

The procurement of these services will be above the current procurement threshold. Officers will undertake a compliant procurement exercise in accordance with the Public Contract Regulations 2015 and will engage with One Legal and Publica during this process.

Signed off by: One Legal, legalservices@onelegal.org.uk

6.3. HR implications

There are no direct implications from the recommendations.

Signed off by: Clare Jones, HR Business Partner, clare.jones@publicagroup.uk

6.4. Environmental and climate change implications

The proposed investment in improved systems for monitoring and controlling operational energy use will help to lower our consumption, delivering both financial and carbon savings.

Signed off by: Laura Tapping – Project Officer for Climate Change

6.5. Property/asset implications

The implementation of a new building management system will allow the property team to better manage and understand our operational buildings, in particular those that are occupied or managed on our behalf by third parties. It will provide data on the systems which will support a prioritised planned maintenance programme and allow us to deploy our resources in the areas of greatest need.

Signed off by: Gemma Bell, Director of Finance and Assets, 01242 264124

6.6. Corporate policy framework implications

The recommendations, if approved, will support the council in its ambition to become a net zero Council and Borough by 2030 as set out in our Climate Emergency Action Plan: Pathway to Net Zero and deliver on one of its specific actions relating to council buildings: *“Measure the energy usage of CBC owned properties and develop a heating and energy efficiency strategy to set out actions needed to actively reduce energy consumption and move away from the use of fossil fuels.....”*

Signed off by: Richard Gibson, Head of Communities, Wellbeing and Partnerships

richard.gibson@cheltenham.gov.uk

7. Promoting equality and reducing discrimination

7.1. Please see assessment attached

8. Performance management – monitoring and review

8.1. Once the project is authorised, it will be managed by Property Services in consultation with IT, The Cheltenham Trust, Ubico etc.

8.2. After installation, a feedback session will be held with operational staff to identify any operational issues arising.

8.3. Regular monthly then quarterly meetings will be held with the supplier, property and operational staff.

8.4. Regular financial reviews will be held to confirm the final payback position.

Report author:

Alexandra Wells, Energy Officer

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Appendices:

- i. Risk Assessment
- ii. Climate Change Impact Assessment

Appendix 1: Risk Assessment

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
347	Risk to operational processes during installation	Gemma Bell, Director of Finance and Assets	3	2	6	Reduce	Putting a working party together of relevant stakeholders to manage, monitor and review. Setting up of manual control whilst panels are being upgraded.	Gemma Bell, Director of Finance and Assets	
	If we do not implement improvements to the building management systems in our key operational buildings, energy costs will be less controllable and are more likely to become unaffordable	Gemma Bell, Director of Finance and Assets	4	6	24	Reduce	Implement report recommendations	Gemma Bell, Director of Finance and Assets	Spring 2023