

Greening Your School

Schools' Sustainable Investment Fund

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Greening your School

Did you know...

The energy bill for most buildings can be reduced by up to 20 per cent by retrofitting them with energy efficient fixtures, fittings and plant?

The Carbon Trust estimates that UK schools spend £350million on energy bills each year, but could save in the region of £20 million a year through improved energy efficiency.

Frustratingly, most of these savings remain elusive as there are often significant capital costs to retrofit which schools cannot afford...

In addition to energy costs, schools are bound by the Carbon Reduction Commitment – a mandatory carbon trading scheme starting in 2009 which means local authorities will have to pay for the carbon they emit, and will be financially rewarded or penalised depending on reduction performance.

How can the Council help?

In 2009, Haringey Council created the School Sustainable Investment Fund (SSIF). This is a pot of money, derived from the overall sum of existing school balances. The SSIF loan funding available will vary year-on-year, but will never exceed 12.5% of total balances.

For 2009/10 this gives an indicative fund total of circa £750,000.

What is the SSIF for?

The SSIF should be used by schools to fit environmentally friendly design options that deliver savings through the revenue budget. It is anticipated that these savings will most likely come from reduced electricity, gas, fuel oil or water consumption. It should be noted that transport projects are not eligible for SSIF funding.

When you apply for loan funding, it will be granted according to the following criteria:

1. If the application proposes a design option that reduces energy consumption, the return on investment must not exceed five years. This means that the cost savings through reduced utilities usage must equal or exceed the upfront (purchase, installation etc) cost within five years of installation. Examples of this include voltage optimisation, cavity wall insulation and rainwater harvesting.
2. If the application proposes a design option that replaces energy consumption, the return on investment must not exceed seven and a half years. This means that the cost savings through displaced utilities usage must equal or exceed the upfront cost within seven and a

half years of installation. Examples of this include solar panels, ground source heat pumps and wind turbines.

3. The application must pass scrutiny with the Council's Energy and Sustainability Team who will review the data to ensure applications comply with criteria one and two. The Energy and Sustainability Team reserve the right to:
 - Approve applications (agree that all assumptions are correct and satisfy funding criteria)
 - Approve applications with recommendations (make amendments to certain assumptions to satisfy funding criteria)
 - Reject applications (that do not satisfy funding criteria).
4. Following scrutiny from the Energy and Sustainability Team, the application must also be approved by the Council's Chief Financial Officer.

How does it Work?

The SSIF is an interest-free loan fund operated by Haringey Council. You submit a proposal for funding and, if successful, repay the loan from revenue savings achieved through the outcomes.

The loan agreement is a contractual relationship, signed by both the Council's Chief Financial Officer and the School Head.

The loan repayments are based on the return on investment, the timeframe within which the loan can be repaid will not exceed five years for energy reduction and seven and a half years for energy displacement.

The energy performance of the building is reviewed:

- After three months to ensure loan repayments accurately reflect the actual consumption reduction.
- After each new utilities contract to ensure loan repayments accurately reflect the cost per kWh.

Once the upfront costs have been repaid, the loan agreement ends and you retain all future savings.

There are then two routes to purchasing the required equipment and installation:

1. You can undertake the procurement of the equipment yourself. You will need to demonstrate to the Council the market research you have done to achieve best value for money and that you are conforming to procurement legislation.
2. You can ask the Council to undertake the procurement for you, this will satisfy the above (and we will be happy to run through the process with you). There is a 10% administrative charge on the total upfront cost to cover Council expenses. This will be subsumed into the loan agreement.

What are the Benefits?

Reduced Utilities Expenditure

By reducing or displacing utilities consumption, schools will make significant savings on their revenue budget.

Case Study: Haringey Council Voltage Optimisation Programme

What was proposed?

Haringey Council already operates a £500k Sustainable Investment Fund for its own property. In 2008, Corporate Property in collaboration with the Energy and Sustainability Team successfully applied for funding for voltage optimisation units in three of Haringey's offices and the Wood Green Library. The Chief Financial Officer signed-off the proposal and the final voltage optimisation unit was installed in August 2008.

What is voltage optimisation?

A voltage optimisation unit drops the voltage of incoming electricity supply to around 220V from 240V – a reduction in incoming electricity of around 9 per cent. All electrical equipment is built to operate within parameters of 216V to 255V (statutory supply levels) and so will still operate perfectly at this level.

What was the outcome?

At the end of the 08/09 financial year, Haringey Council evaluated its carbon footprint and found that between the four sites savings of 296,800kWh had been achieved, translating to a cost avoidance of £34,712 at current contract prices. At this rate, the capital expenditure will be paid back within four years.



Sustainable Schools National Framework

The Department for Children Schools and Families would like all schools to be sustainable by 2020, and to prepare young people for a lifetime of sustainable living. To ensure this is realised, it has launched the National Framework for Sustainable Schools.

The National Framework comprises eight 'doorways' (sustainability themes) – discrete entry points or places where schools can establish or develop their sustainability practices. The Schools Sustainable Investment Fund supports the energy and water and buildings and grounds doorways by funding energy efficiency installations that not only reduce electricity, gas and water bills but also provide pupils with a learning resource and demonstrate a commitment to sustainability to the wider community.

<http://www.teachernet.gov.uk/sustainableschools/index.cfm>

Eco-Schools



'Eco-Schools' is an international award programme that guides schools on their sustainable journey, providing a framework to help embed these principles into the heart of school life. Schools work towards gaining one of three awards – Bronze, Silver and the

prestigious Green Flag award, which symbolises excellence in the field of environmental activity.

On the way to achieving Green Flag Status, participants of the Eco-Schools scheme must have:

- Identified progress towards achieving most targets in the Action Plan.
- Obtained physical evidence of their progress, including data collection and analysis (graphs, etc).
- Identified substantial progress towards one large-scale project and indicated involvement with two others.

Using the SSIF will demonstrate you have identified progress against your action plan, and have removed barriers to funding opportunities. The analysis we do on your consumption will be provided to you and can be used as an educational tool.

<http://www.eco-schools.org.uk/>

Carbon Reduction Commitment – Financial Benefits

The CRC will require Councils to pay £12 per tonne of carbon emitted per year as a result of Council operations (and the operations of associated bodies). A total footprint determines a league table ranking.

At the end of the first year, performance dictates a share of bonus/penalty payments (first year rate is set at $\pm 10\%$).

For Example:

If the Council's carbon footprint was 40,000 CO₂ tonnes our initial scheme payment would be £480,000.

If the CRC league table consisted of 10 organisations, each with the same emissions, we would qualify for a 10 per cent share of recycled payments. $(40,000/(40,000 \times 10) = 10$).

If in the next year we have reduced our footprint by 5 per cent which places us 2nd in a league table of 10 organisations, we would receive a bonus rate of 8 per cent.

Payments recycled at the end of the year for the Council would be 108 per cent of what we initially paid, i.e. £518,400 (a bonus payment of £38,400).

Our allowances for the following year would also be reduced to £456,000 – a saving on initial outlay of £24,000 (5% of £480,000).

The SSIF alleviates issues concerning a lack of capital funding that often prohibits projects. As schools make up 60 per cent of the total Council footprint, the SSIF will enable significant carbon reduction to be realised and hence to increase the potential for bonus payments under the CRC.

Currently the DCSF proposes to amend the Schools Finance Regulations in 2011-12 to enable local authorities to charge any loss attributable to schools to the Schools Budget. Authorities will be able to treat this sum as centrally held expenditure but will be allowed, if they wish, to use a formula factor to apportion the loss among schools according to their individual performance. This will equally apply for recycling bonus payments.

Who is Eligible to Access the Fund?

The Fund is available to all schools on the Council utilities contracts.

For those schools not on the Council contracts, a 10 per cent administrative fee will apply (in addition to the 10 per cent should the school wish the Council to manage the project).

For schools that are only on the Council's electricity contract, any electrical installations will be eligible free of charge. Heating installations will incur a 10 per cent administrative fee.

The Council recognises that some schools have greater potential to finance energy projects than others. Access to the fund will be prioritised for schools with small/zero/negative reserve funds. This eligibility will be determined on a case-by-case basis following submission of the proposal.

Finally, there may be instances where applications will have an impact on the mechanical, electrical or pipe work infrastructure of the school. The Children and Young People Property and Contracts Team will also be required to approve relevant schemes,

Frequently Asked Questions.

Q. Which technologies are suitable for SSIF funding?

A. The Council strongly recommends that schools look into energy efficiency measures before renewable technology as this is more likely to provide a return on investment within the required timeframe. The Council has already used its internal fund to install voltage optimisation and variable speed drives, both of which have proved to provide the required return on investment. Lighting upgrades and controls have also been funded and recent analysis suggests these too are compliant projects. For schools with swimming pools, pool covers are an excellent technology for reducing school heating loads.

A full list of potential technologies is available in the accompanying Environmental Design options tool.

Q. Can the SSIF be used in conjunction with other funding agreements?

A. Yes. There are plenty of other funding opportunities for schools including:

The Salix Schools Fund –

<http://www.salixfinance.co.uk/downloads/schools%20brochure%20v1%20final.pdf>

The Low Carbon Building Programme Phase II –

<http://www.lowcarbonbuildingsphase2.org.uk/>

The Community Sustainable Investment Programme –

<http://www.communitysustainable.org.uk/index.jsp>

E.On Sustainable Energy Fund –

<http://www.eon-uk.com/about/2689.aspx>

The SSIF can be used to provide match funding in the instances that require it. We would encourage all schools to consider the potential for match funding where available as this will enable the fund to go further.

Q. How will the project funding work?

A. This depends on whether the project is managed by the school or by the Energy and Sustainability Team (E&ST). In the former case, the school will initially pay for the equipment/service and then submit copies of the invoices to the Schools Funding Team for reimbursement through the monthly cash-advance. In the latter case, the E&ST will receive the invoices, which will be paid centrally. In both cases, the loan repayments will be collected via the monthly cash-advance.

Q. What is the Energy and Sustainability Team?

A. The Energy and Sustainability Team (E&ST) comprises a Sustainable Procurement Manager, a Sustainable Energy Manager, an Energy Administration Officer and a Carbon Management Officer. The team sits within Haringey Council's Corporate Procurement Unit.

E&ST was initially established to buy energy and process energy invoices and ensure accurate billing for Haringey Council and its customers (utilising economies of scale to achieve competitive rates in a volatile energy market). Recently, however, E&ST have begun to take on a Value Added role. We have begun initiatives to identify and mitigate environmental and socio-economic risk in Haringey's expenditure portfolio and to promote energy efficiency in-house and for the Council's customers, through the use of accurate billing and low carbon technologies.

In 2009 the Energy and Sustainability Team won the Government Business Public Sector Energy Award by demonstrating real carbon savings and projects a positive environmental image for the authority/department. We have since been awarded the Carbon Trust Standard for year-on-year carbon reduction.

E&ST provide many additional services for schools, including energy contracts (which should reduce in price by around 45% in October 2009) and automated meter reading technology. With the impending Carbon Reduction Commitment, there will be an additional burden on schools to provide the Council with energy consumption information. This will not be the case if your school is already signed-up to E&ST's energy contracts. If you would like to join our contract please contact us at:

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