



## **Energy and resource efficiency support for public sector**

January 2015

**The Scottish Government is committed to improving energy efficiency across the public sector and to continuing sustainable economic growth for Scotland.**

### **Energy and Climate Change Targets**

- Reduce emissions of greenhouse gases by at least 42% by 2020 and at least 80% by 2050.
- Meet at least 30% of total annual energy demand from renewable sources by 2020.
- A 12% reduction in Scotland's final energy consumption by 2020. This establishes a minimum level of ambition for all sectors, including the public sector.
- Delivery of 11% of non-electrical heat demand from renewable sources by 2020.

### **Commitment**

The public sector plays a key role in Scotland meeting its climate change targets. As well as the direct environmental and financial benefits of improving energy efficiency, the public sector has the scope to act as a standard for other sectors. During 2015 we will use the powers in the Climate Change (Scotland) Act 2009 to

introduce a climate change public bodies duties reporting requirement for around 150 major players in Scotland. The aim is to encourage continuous improvement in climate change performance and improve the quality and consistency of public sector climate change reporting, analysis and monitoring. The process will be subject to public consultation early 2015.

### **Achievements to date and further potential savings**

The public sector has done much to reduce its carbon emissions through estate wide Carbon Management Plans and the implementation of energy efficiency measures; from improving building fabric, installation of energy efficient technologies, and appliances, environmental and energy management systems and whole organisational behavioural change programmes.

Based on an assumed £300m investment over 4-5 years with a 10 year payback, the following savings could be achieved across the public sector –

- Scale of carbon reduction: Estimated to be in the region of 174k tCO<sub>2</sub>e p.a.
- Significant energy savings: Estimated to be in the region of 692m kWh p.a.
- Considerable energy bill reductions: Estimated to be in the region of £30m.
- Potential to reduce CRC liability: Estimated to be in the region of £1.3m to £2.1m depending upon the uptake of the framework by CRC participants.
- Total jobs created from associated investment: Estimated to be in the region of 2,400 jobs.

### **Scottish Government advice and support programme – Resource Efficient Scotland**

Launched in April 2013, Resource Efficient Scotland delivers a public sector specific support programme which provides targeted initiatives tailored to meet the specific needs of the public sector across Scotland in order to implement resource efficiency savings.

More information on Resource Efficient Scotland can be found at:

[www.resourceefficientscotland.com](http://www.resourceefficientscotland.com) and by

calling 0808 808 2268.

Resource Efficient Scotland can also provide the public sector advice on taking advantage of the Renewable Heat Incentive

### **Financial support**

#### **Central Energy Efficiency Fund (CEEF)**

The Scottish Government provides financial support for energy efficiency measures to the NHS, Local Authorities and Scottish Water and through the £20m Central Energy Efficiency Fund (CEEF). Since inception it has funded over 2,466 projects and delivered over £211m cost and 1659ktCO<sub>2</sub> carbon savings collectively across all the Scottish local authorities.

#### **Salix Finance loans**

Public sector bodies are supported through the Scottish Governments Salix Finance interest free loans scheme. [CEEF holders must have utilised their CEEF allocation in order to be eligible for a Salix loan]. Since inception, public bodies have invested over £18 million in energy efficiency projects, saving £4.2 million annually and £64.8 million over their lifetime. This work has helped prove the spend-to-save case and acted as a catalyst for larger more strategic projects across public sector supported from core budgets and private sector investment.

## **Non-domestic Energy Efficiency Programme**

On behalf of Scottish Government, Scottish Futures Trust (SFT) manages the non-domestic energy efficiency programme which involves developing commercial delivery structures and aggregating projects to establish national programmes of energy efficiency projects. The aim is to realise investment potential, attract in private finance, as well as reduce costs for the public sector. This involves developing public sector approaches to energy performance contracting, especially those which may be capable of being funded from Government's revenue budgets.

### **National Programmes – street lighting**

In 2012/13, Scottish Ministers instigated a nationwide programme of greener street lighting. Subsequently, SFT, Resource Efficient Scotland, COSLA, Scottish Enterprise, Health Facilities Scotland and others worked together to develop and bring forward the programme across the public sector estate.

A street lighting Toolkit was developed to enable and support local authorities to assess the investment need and potential benefits of an investment in street lighting assets –

<http://www.scottishfuturestrust.org.uk/publications/street-lighting-toolkit/>

A Street Lighting Materials Framework Agreement for street lighting materials is also available -

[http://www.publiccontractscotland.gov.uk/search/show/search\\_view.aspx?ID=DEC195148](http://www.publiccontractscotland.gov.uk/search/show/search_view.aspx?ID=DEC195148)

Scotland's local authorities have now planned investment of more than £100m over the years 2014/2018 in making their street lights energy efficient. This investment will upgrade 45% of the street lights and will produce savings of at least £13.4m per annum in electricity and carbon reduction commitment costs and more than 56,000 tonnes of CO2.

Going forward, local authorities will be encouraged to accelerate their investment plans in order to realise the savings and benefits faster. Resource Efficient Scotland and SFT are available for technical assistance and advice.

### **National Programmes – schools, NHS, universities and colleges**

SFT are now focusing on other areas of public sector and carrying out pilot schemes with an aim to then roll-out models and toolkits to the wider groups.

### **National Programmes – District heating (and wider heat support)**

In 2012/13, the Scottish Government set up the Heat Network Partnership to provide coordinated support for district heating, including a strategic approach by local authorities to the rollout of projects across Scotland. The Partnership is working with local authorities to encourage a strategic approach to district heating and to develop district heating projects, from initial feasibility through to implementation. A project directory, as well as guidance on finance, including the District Heating Loan Fund, and procurement is available on the HNP website [www.districtheatingscotland.com](http://www.districtheatingscotland.com).

In 2014, the Scottish Government launched the Scotland Heat Map, a powerful tool for local authorities enabling better strategic and local

planning of district heating and identification of unused excess heat, reducing heat demand and ensuring more effective heating supply going forward. The heatmap dataset has already been provided to all local authorities and is available to a number of other public sector bodies. For more information and to view the public version see [www.scotland.gov.uk/heatmap](http://www.scotland.gov.uk/heatmap)

### **Energy Efficiency Procurement Framework for the public sector**

Together with Scottish Procurement and SFT, the Scottish Government is developing a non-domestic energy efficiency procurement framework for the Scottish public sector which will be ready for use in autumn 2015.

The economies of scale and standardised approach offered by a pan public sector framework will offer both better solutions and better value for money than single project/frameworks run by individual public sector bodies. The framework also offers the potential to better utilise Energy Performance Contracts under which energy efficiency projects can be supported through revenue funding streams. Together it is anticipated that these elements will facilitate the acceleration of a wide programme of energy efficiency retrofit across Scotland.

### **UK CRC Energy Efficiency**

Many large public sector energy users in Scotland are covered by the UK CRC Energy Efficiency Scheme, which is a mandatory scheme which aims to improve their energy efficiency and cut emissions. CRC participants have to purchase and surrender "allowances" to cover these emissions - one allowance for each tonne of CO2 emitted - and monitor their energy supplies and report their carbon dioxide.