



Leeds
CITY COUNCIL

scrutiny



**Strategy and
Resources**

Reducing Energy Consumption in
Council Buildings
Inquiry Report



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Desired Outcomes and Recommendations

Desired Outcome – That the Council is able to capture a true picture surrounding its energy consumption levels.

Recommendation 1 – That the Director of Resources and Housing ensures that the data we capture in terms of the Council’s electricity consumption levels separates out any consequential increases linked to actions that are intended to have a positive impact on the environment, such as the expansion of the Council’s electric vehicle fleet or enabling more energy systems to be powered by electricity rather than gas.

Desired Outcome – That all of the Council’s operational buildings, including heritage buildings, are being considered as part of the asset rationalisation programme linked to the new Asset Management Strategy.

Recommendation 2– That the Executive Board supports the need to include all of the Council’s Heritage buildings as part of the asset rationalisation programme and implementation plan linked to the new Asset Management Strategy.

Desired Outcome – That the Council’s Asset Management Strategy reflects the role of the Council in leading the way to promote sustainable and efficient buildings aimed at reducing the city’s overall carbon footprint.

Recommendation 3 – That the Executive Board supports the need for the Council to lead the way through its new Asset Management Strategy to make the Council’s estate as sustainable and efficient as possible and also encourage proposals being brought forward for land and buildings being disposed by the Council to help reduce the city’s overall carbon footprint.

Desired Outcome – That the Council is able to capture data to help correlate the carbon impact of staff working from home.

Recommendation 4 – That the Director of Resources and Housing leads on exploring ways to help correlate the carbon impact of staff working from home.

Desired Outcome – That the Council is maximising appropriate investment opportunities aimed at supporting significant energy efficient measures.

Recommendation 5 – As well as maximising the use of the SALIX Finance funding stream, the Director of Resources and Housing is recommended to lead on exploring alternative investment programmes which can help finance improvements which have a longer payback period.



Introduction and Scope

Introduction.

1. The Climate Change provides one of the greatest challenges to humanity today, having detrimental impacts on both society and the environment internationally, nationally and locally. A landmark report from the United Nations Intergovernmental Panel on Climate Change (IPCC) has warned that the window to limit world temperatures to under 1.5 °C and avoid the worst climate change impacts could close within the next 12 years.
2. It is estimated that if we are to have a good chance of avoiding dangerous climate change – that is average warming above 1.5°C, the world can emit no more than 420 giga-tonnes of greenhouse gases by 2050. Leeds' share of this on a per capita basis is estimated at 42 mega-tonnes – this is in effect our city's carbon budget to 2050. If we were to carry on at our current rate of emissions, we would have used our total budget for the period to 2050 within 9 years.
3. The District has achieved a reduction of 43% in emissions from its 2005 baseline. The Leeds Climate Commission have advised that to stay within our carbon budget we must achieve a further reduction of 27% by 2025 and an additional 15% by 2030, equating to an overall reduction of 85% from our 2005 baseline.
4. To date, the vast majority of carbon reduction realised in the District has been achieved through reductions in the carbon emissions from electricity generation in the national grid. These have been achieved mainly through the shift away from coal burning power stations and the increases in renewables (especially off-shore wind farms). While the trend towards greener energy will continue, due to the speed and size of reduction required it is unlikely that it can be achieved by changes to national energy infrastructure alone. Such a significant reduction will require action across every sector including transport, housing, commercial property, industry and agriculture. Importantly, it will therefore require reduction in energy consumption levels, achieved in part by enormous investment in energy efficiency, but it will also require major behavioural change.
5. At Full Council on 27 March 2019, the Council passed a motion declaring a "Climate Emergency". This is recognised as a significant milestone that requires the Council and the city to act at a faster pace.
6. At the beginning of the municipal year, we particularly acknowledged the role of the Council in demonstrating leadership in this field. In accordance with the remit of the Strategy and Resources Scrutiny Board, we agreed to review how the Council is reducing energy consumption levels within its own corporate buildings in order to minimise both cost and carbon impact.
7. We acknowledged that a key element of the Council's approach will be focused around asset rationalisation in order to improve the overall sustainability and efficiency of the Council's estate. A new Asset Management Strategy was therefore in the process of being prepared covering every aspect of the estate.



Introduction and Scope

8. However, reducing the size of the Council's office estate would also be linked to future phases of the Changing the Workplace (CTW) Programme in terms of delivering both asset rationalisation and cultural workforce changes.
9. Through the CTW programme, the Council has already consolidated 13 city centre buildings into just 4, delivering a reduction in energy consumption levels as well as achieving financial savings and an improved staff and customer experience.
10. Beyond the city centre, in large part, the same benefits have not been realised. The CTW programme therefore continues to be rolled out in a phased approach to ensure that the Council has an affordable and sustainable estate which provides fit for purpose, good quality accommodation in the right locations.
11. The timeliness of our inquiry provided an opportunity for Scrutiny to consider the principles and proposals linked to Phase 2 of the CTW Programme as it continues to be rolled out across localities. In doing so, we also set out to consider the potential implications and challenges associated with this next phase of the programme in terms of trying to minimise energy costs and carbon impact, with a particular focus around the promotion of flexible and mobile ways of working and aiming to reduce car usage and facilitate clean transport choices.

Scope of the inquiry.

12. The purpose of our inquiry was to make an assessment of and, where appropriate, make recommendations on the following areas:
 - The scale and impact of the Council's energy consumption levels across its corporate buildings;
 - The process to prepare the new Asset Management Plan;
 - The associated links and aims of the Council's Changing the Workplace Programme, including achievements to date;
 - The guiding principles, work streams and timeline associated with future phases of the Changing the Workplace Programme;
 - Potential implications and challenges linked to the future roll out of the Changing the Workplace programme in terms of trying to minimise energy costs and carbon impact, with a particular focus around the promotion of flexible and mobile ways of working and the aim to reduce car usage and facilitate clean transport choices.

Desired Outcomes, Added Value and Anticipated Service Impact.

13. We have welcomed the opportunity to share our views surrounding the potential implications and also challenges associated with the Phase



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2 roll out of the CTW programme in terms of trying to minimise the energy costs and carbon impact associated with the Council's estate. Our recommendations therefore aim to help towards the successful delivery of this programme as well as informing the development of the Council's new Asset Management Strategy.

Equality and Diversity.

14. The Equality Improvement Priorities 2016 to 2020 have been developed to ensure that the Council meets its legal duties under the Equality Act 2010. The priorities will help the council to identify work and activities that help to reduce disadvantage, discrimination and inequalities of opportunity to achieve its ambition to be the best city in the UK.
15. Equality and diversity issues have been considered throughout this scrutiny inquiry and the individual, organisation or group responsible for implementation or delivery of the recommendations arising from this inquiry should also give due regard to equality and diversity and where appropriate, an equality impact assessment will be carried out.



Conclusions and Recommendations

Acknowledging the scale of the challenge.

16. Every year we capture our energy data to see what the trend is and to also identify any particular patterns. However, as we compare one year to another year, it is important to be mindful that gas usage in particular can vary dramatically depending on the winters that we have and therefore the data we do capture will require a level of normalisation.
17. As a Council we have over 900 operational properties ranging across offices, museums, leisure centres, community hubs, libraries and depots. The latest figures in relation to our operational properties showed we had used 155,893 MWh of gas, equating to 28,618 tonnes of CO2 emissions; and 65,815 MWh of electricity, equating to 18,107 tonnes of CO2 emissions. This accounted for two thirds of the Council's total emission levels, with the remaining levels being attributed to street lighting and travel/fleet.
18. Whilst this review was not specifically focusing on these other two contributing factors, we did recognise the need to ensure that the data we capture in terms of the Council's electricity consumption levels separates out any consequential increases linked to the Council's commitment towards expanding its fleet of electric vehicles in order to reduce the use of diesel and petrol fuelled vehicles.
19. More broadly, we recognise that the electrification of energy systems may

also increase in the future in terms of this becoming a more energy efficient pathway. As such, we will need to be able to correlate any future increases in our electricity consumption levels with actions that are intended to have a positive impact on the environment.

Recommendation 1

That the Director of Resources and Housing ensures that the data we capture in terms of the Council's electricity consumption levels separates out any consequential increases linked to actions that are intended to have a positive impact on the environment, such as the expansion of the Council's electric vehicle fleet or enabling more energy systems to be powered by electricity rather than gas.

20. Whilst we understand that the building figures do include some schools that the Council is responsible for maintaining, it is clear that our operational buildings play a really significant role in terms of the way we address climate emergency if we are to achieve net zero carbon emissions as a Council.
21. However, we do acknowledge that any building that is heated by gas will still have a carbon footprint at the end of it. Similarly with buildings that are powering lighting and computers, we accept that there is only so far we can get to in terms of achieving net zero at the moment.
22. Moving forward, we are pleased that there are plans nationally to get the whole of the UK down to a net zero electricity grid. However, such a



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commitment is unclear in relation to the national gas grid and yet it is our gas usage in terms of our heating which is generating a bigger carbon footprint than our electricity.

23. In terms of trying to find a solution locally, we welcome the positive steps being made by the Council to extend the existing city-wide district heating scheme to our corporate buildings within the Civic quarter, which will include the Civic Hall, Town Hall, Leeds City Museum, Art Gallery, Library and St George House. This will allow such buildings to be heated by a much lower carbon heat, which is the waste heat product coming out of the Recycling and Energy Recovery Facility (RERF).
24. In terms of the broader estate, we accept that a more radical approach is now needed in order to deliver an affordable and sustainable estate which provides fit for purpose, good quality accommodation in the right locations.

A recognised need for more robust asset rationalisation.

25. The development of a new Asset Management Strategy provides the opportunity to consider how we move forward in rationalising our existing assets.
26. This Strategy is to cover the period 2020 to 2025 and whilst cost and value for money will continue to be a significant driver in terms of estate planning, we are pleased to note that

the climate emergency, in relation to sustainability and energy use, will also be at the heart of this Strategy as well as the implementation plan that will sit behind it.

27. As a Council we have already come out of 110 properties so far, equating to 1.2m sq ft of floor space. Whilst we accept that a lot of those properties will have had a large carbon footprint, linked to this new Strategy we are pleased that efforts are now being made to model what the future rationalisation programme might look like in terms of the carbon savings that we are able to generate, particularly in view of the future potential to reduce our office space by at least a further 200,000 sq ft on top of the space we have already saved.
28. We are also pleased to learn that any future asset rationalisation review will not be undertaken in isolation as the direction of travel is very much about how we support service transformation too. Linked to this, we are pleased that the new Asset Management Strategy aims to continue the good work that the Council is already doing through its Changing the Workplace (CTW) programme, whilst also supporting economic growth.

29. There are a number of key principles that sit behind the CTW programme which we understand will feed into the Asset Management Strategy itself. These cover a range of opportunities and considerations such as how people are working, the flexibility they are given and the way in which services can be delivered.



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30. We appreciate that the asset rationalisation review will therefore warrant a robust data heavy exercise so that we are able to understand fully what our buildings are being used for; if they are occupied by staff as office space; what the numbers of staff are and how they are working; and crucially taking into account building conditions and carbon footprint. Such data will assist in determining future use opportunities, particularly for those that are to be retained by the Council.
31. We recognise that such work will also be very much informed by directorates' asset management plans, which are picked up as part of the void management process, as such plans will already identify the way in which services want to change the way in which they are working and the impact that will have on the assets themselves. As a Scrutiny Board, we undertook a separate review last year which aimed to improve the overall void management process.
32. We particularly recognise the value of working collaboratively across the Council to facilitate change and different ways of working in terms of process mapping so that we can try and make our service deliveries as efficient as possible. That will then have a direct correlation on the amount of work space we actually need and the impact on a reduction of the carbon footprint that the Council has.

Managing heritage buildings effectively.

33. There will inevitably be some buildings which have a high energy use that the Council will need to retain such as the Town Hall and Civic Hall. Here the focus will very much be on exploring what the art of the possible is in terms of reducing the energy use of these buildings.
34. We therefore welcome the work being commissioned to undertake deep dive energy audits. By selecting a representative sample of heritage buildings or buildings that are quite different in characteristic, the Council will be able to see how far we can take down the energy consumption levels in such buildings. We understand that the deep dive energy audits will commence with the Town Hall and Civic Hall initially and then include the Leeds City Museum, Killingbeck Court, Tribeca House, Waterside and John Charles Centre for Sport.
35. Separate to these we acknowledge that the Council will still have a large collection of heritage assets ranging from civic buildings, museums, libraries and cemetery chapels and that not all of these will be very well used and remain expensive to maintain.
36. Moving forward, we are supportive of the need to include such properties as part of the planned asset rationalisation programme. In doing so, the Council will be able to review their potential future use, which may involve questioning whether the Council remains best placed to be the



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custodians and owners of some of these properties.

Recommendation 2
That the Executive Board supports the need to include all of the Council's Heritage buildings as part of the asset rationalisation programme and implementation plan linked to the new Asset Management Strategy.

A need to mitigate against any potential offloading of carbon.

37. It is important that an appropriate solution is found for any buildings that the Council disposes of due to them being surplus to requirements, particularly if such buildings are also producing a large carbon footprint. However, as we strive towards saving our own carbon tonnage, there would be no net carbon reduction if we simply offloaded this carbon onto someone else without any assurance that appropriate action would be taken to address the carbon footprint of that building or land.
38. As a Council we have a duty to achieve best consideration for property disposals and in recent years we acknowledge that where we have come out of buildings and disposed of them, these have either been replaced by new buildings or had significant modern refurbishment work done by the new owners. Such development work is required to meet the minimum design, construction and alteration

standards that are set nationally as part of the Building Regulations, which will include the sustainability standards of a building.

39. Linked to our duty to achieve best consideration for property disposals, we believe that the Council should be leading the way through its new Asset Management Strategy in terms of encouraging proposals being brought forward for land and buildings being disposed by the Council to help reduce the city's overall carbon footprint.

Recommendation 3
That the Executive Board supports the need for the Council to lead the way through its new Asset Management Strategy to make the Council's estate as sustainable and efficient as possible and also encourage proposals being brought forward for land and buildings being disposed by the Council to help reduce the city's overall carbon footprint.

40. Linked to the principles of the CTW programme, we acknowledge the positive benefits to be gained in terms of changing the way our workforce works through the use of technology, including the impact on reduced travel demands which will also help towards reducing their carbon footprint.
41. However, we are mindful that those that are aided to work at home for longer periods of time will still be generating carbon in terms of the heating and electricity being used in their own homes.



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42. Whilst we acknowledge the complexity of trying to find a way to correlate the carbon impact of staff working from home, particularly as homes will be heated outside of work hours anyway, we believe that this still warrants further consideration and research.

Recommendation 4
That the Director of Resources and Housing leads on exploring ways to help correlate the carbon impact of staff working from home.

Enabling sustainable travel options for staff.

43. Linked to the CTW programme, one of the key principles is around the flexibility of the entire office portfolio or where we have office space. We acknowledge that some people, for whatever reason, cannot easily work from home, and so they should also be assisted in avoiding unnecessarily travel into the city centre or across the city to reach their office location.
44. Linked to this, we recognise the importance of ensuring there is a good availability of touch down spaces across the city so people can use the council facilities and have access to a desk or work space within a locality.
45. Historically there has been a pattern of working which involves traveling from an office to a site location where there might be a meeting and then travelling back to their home office before leaving for home at the end of the day.
46. Such journeys could potentially be reduced if staff are assisted to either work at home or from an office base not too far away from their home and travel from there to meetings.
47. Linked to this, it is also crucial that staff are able to travel sustainably as we need to avoid a situation whereby we retain buildings that are not on public transport routes or very difficult to get to by public transport or sustainable modes of travel. This will therefore underpin a lot of the decision making around the buildings that we will retain as ultimately we want to ensure that people can get between our buildings as sustainably as possible. It is also vital that the Council seeks to provide more sustainable transport options for those staff that do have to travel around the city for work purposes and therefore we will be undertaking a separate piece of work this year to look at this in more detail.
48. Another key success factor will be around ensuring that staff are made aware of all of these workplace opportunities too.

Encouraging the workforce to adopt positive practices.

49. More broadly, we recognise that in order to successfully deliver the CTW programme in accordance with the new Asset Management Strategy, it is vital that we support staff to improve their own working practices.



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50. Linked to this, we welcome plans to set up a new staff climate energy group which aims to recruit passionate members of staff and empower them to provide that challenge back in terms of what they are seeing within their own workplace, as well as helping to identify solutions and embed more positive energy efficient practices within the workforce.
51. We also see the merit in extending such advice and support to those that are working from home in terms of considering how they can reduce their own carbon footprint within the home.
52. Linked to this, we understand there are plans to undertake this engagement work through the Big Leeds Climate Conversation as well as utilising the Leeds by Example website that is to be delivered citywide to help give people hints and tips about what they can be doing in their own life. However, we welcome that this resource is to be rolled out internally to the workforce too.
53. In terms of investing in our existing stock, it is vital that the Council remains fully committed to invest in more energy efficient measures as part of any future maintenance or building/refurbishment work.
54. In helping to deliver this, particular reference was made to Salix Finance which provides interest-free government funding to the public sector to improve their energy efficiency, reduce carbon emissions and lower energy bills. This is a revolving fund, with up to £400k currently being allocated to the Council to be match funded, thereby generating £800k of available resource. Any service using the fund for energy efficiency measures is required to pay that money back. However, the energy cost savings generated by such efficiency measures should help towards paying back the loan rather than to the energy supplier. This should therefore generate a cost neutral outcome to help improve the carbon efficiency of a building.
55. Woodhouse Lane Car Park is cited as a particularly good example of this working in practice in terms of replacing the existing lighting to LEDs which will help to reduce the energy demand of that building by 85% from £70k at an investment cost of £291k that will be paid back in less than 5 years.
56. We acknowledge that the deep dive energy audits and asset rationalisation review are primarily aimed at seeing where we think we are going to get to in terms of reducing our carbon footprint without the need to do other additional things to offset whatever carbon we may be left with. However, the reality is that we will be left with something for as long as we remain dependant on the existing gas network. It is therefore important that we also start to look at investment opportunities linked to appropriate solutions, which might include larger scale renewables, tree planting or the development of more green 'living' walls that provide vital bio-diversity.

Maximising investment opportunities.



Conclusions and Recommendations

57. Linked to the above, whilst we note that particular attention has been around maximising the use of the SALIX Finance funding stream, we recognise the importance of also exploring alternative investment programmes which can help finance improvements which have a longer payback period.

Recommendation 5
As well as maximising the use of the SALIX Finance funding stream, the Director of Resources and Housing is recommended to lead on exploring alternative investment programmes which can help finance improvements which have a longer payback period.

Working proactively with schools.

58. We welcome that the Council's Sustainability and Air Quality Team is continuing to work closely with Children's Built Environment Team to look at utilising SALIX funding within part of the annual maintenance programme to deliver energy saving technologies as well as the general maintenance/expansion work that will be delivered over the school holidays.
59. As a result, we learned that 37 maintained schools (mainly primary schools) have now taken up this investment opportunity generating a saving of around £170k a year in energy, with an overall investment of £950k in terms of energy efficiency.
60. Whilst we appreciate that schools may have become more risk averse in terms of taking on loans, particularly within the current economic climate, we welcome the continued efforts of the Council towards encouraging greater investment in energy efficiency measures.
61. We welcome that the Council has also started doing a lot of targeted work with schools, not just about what they can do with their buildings, but in terms of the influence they can have with the students.
62. Linked to this, help is provided to schools to help them navigate around existing training courses and resource tools, as well as offering advice on practical measures in terms of access to funding, particularly as not all schools can access all types of funding. Whilst the Council is maximising the use of existing communication channels, such as the 'Leeds for Learning' website, to point schools in the right direction, we were pleased to learn that efforts are also being made to try and reflect all the different strands of work into one package for schools in order to make it easier for them to access.
63. We also recognise the valuable role that Elected Members can play, particularly in their capacity as school governors, in terms of encouraging more positive action and signposting schools to available support and advice.



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Maintaining an overview of the implementation processes.

64. Whilst the recommendations set out within this particular report aim to assist the successful delivery of the next phase of the CTW programme and the development of the new Asset Management Strategy, we also recognise the value of this Scrutiny Board and the relevant successor Scrutiny Board, to maintain an overview of the implementation processes associated with the CTW programme and the Asset Management Strategy.



Evidence

Monitoring arrangements

Standard arrangements for monitoring the outcome of the Board's recommendations will apply.

The decision-makers to whom the recommendations are addressed will be asked to submit a formal response to the recommendations, including an action plan and timetable, normally within two months.

Following this the Scrutiny Board will determine any further detailed monitoring, over and above the standard quarterly monitoring of all scrutiny recommendations.

Reports and Publications Submitted

Session 1 - Scrutiny Board Meeting on 14th October 2019

- Presentation on the reduction of energy usage in council buildings.

Session 2 - Scrutiny Working Group on 4th November 2019

- Verbal clarification surrounding the use of the SALIX Finance funding stream.

Dates of Scrutiny

Scrutiny Board Meeting – Agreeing terms of reference/Session 1 – 14th October 2019
Scrutiny Working Group Meeting (Session 2) – 4th November 2019

Witnesses Heard

Councillor James Lewis – Executive Member for Resources
Neil Evans – Director of Resources and Housing
Polly Cook – Chief Officer for Sustainable Energy and Air Quality
Mark Mills – Head of Asset Management
Lisa Thornton – Executive Manager, Strategic Asset Management

**Scrutiny Board (Strategy and Resources)
Reducing Energy Consumption in Council Buildings
November 2019
Report author: Angela Brogden**



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