

## **Report to the Resources Select Committee**

**Date of meeting: 13 October 2015**



**Portfolio: Technology and Support Services**

**Subject: Energy savings and improved management process update.**

**Responsible Officer: David Newton (01992 564580).**

**Democratic Services Officer: Adrian Hendry (01992 564246).**

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### **Recommendations/Decisions Required:**

- (1) To note the progress made by energy consultants, Smith Bellerby (SB), with energy saving and data consolidation and;**
- (2) To recommend that SB be retained for an additional year.**

### **Executive Summary:**

The management and payment of energy supplies has historically been spread across numerous Directorates and over time, information has become fragmented. Assistance was required to produce an accurate consolidated database, identify potential savings and streamline current working practices. Smith Bellerby has a proven track record within Essex, having carried out similar successful exercises at Braintree, Uttlesford and Colchester.

### **Reasons for Proposed Decision:**

The Resources Select Committee have requested an update on the progress made with regard to energy savings and improved management process.

### **Other Options for Action:**

Not to extend the SB contract. However, EFDC currently have insufficient resources or in house skills to carry out this task and to employ skilled, additional members of staff would cost more than the £20k annual charge from SB.

## **Report:**

1. Whilst submitting information to the Department of Energy and Climate Change (DECC) on energy usage, it became apparent that there was no Corporate approach or central database detailing the energy supplies EFDC were responsible for. Each Directorate processed their own invoices on an individual basis. This raised concerns that both efficiency and best value for money was not being achieved. It became apparent that a central, well-resourced unit was required to create a co-ordinated solution.
2. EFDC did not have either the resources or skill sets to address this issue. Therefore SB, who are energy cost reduction specialists, were approached to assist.
3. SB started in May 2015. All energy invoices are now re-directed to them. SB collates all of the information and then produces periodic electronic files which are processed directly into the EFDC finance system. Previously, paper invoices (around 5000 per annum) were sent to the individual sections, these were checked, recorded, coded and then sent to the corporate invoicing section. They were then re-checked, batched and then manually entered into the finance system. The invoice processing element alone utilised at least 2 weeks of a full time post each month. The electronic payment file now takes a maximum of 3 hours to process. In the event of any dispute, SB deal directly with the energy companies on our behalf.
4. Although the earlier process was fragmented, the various independent teams across the Council did an excellent job of checking invoices and to date, only minor errors and credits have been identified.
5. However, apart from the massive time saving costs highlighted above, the largest savings are from the transfer of gas and electricity supplies to cheaper tariffs. So far 37 supplies have been identified for transfer and a conservative annual saving of £13,000 is anticipated. In addition, there may also be scope to reduce available capacity charges for two of the larger electricity supplies, potentially yielding additional savings of £3,300 pa. Small additional savings of around £500 pa will also be achieved on tidying up the meter operator and data collector contracts.
6. The majority of savings have now been identified during the first year of this contract. However, it is felt that the time savings generated by e-invoicing and by SB dealing with the numerous ongoing disputes, fully justify extending this contract for at least another year. There would be no additional funding required to facilitate this.

### **Resource Implications:**

None. Funding will be covered from existing Facilities Management & Neighbourhoods budgets.

### **Legal and Governance Implications:**

None.

### **Safer, Cleaner and Greener Implications:**

Reduce consumption and allow accurate annual reporting on greenhouse gases to the Department of Energy and Climate Change (DECC). In addition, Government legislation with regard to the Carbon Reduction Scheme is likely to become stricter. EFDC do not currently meet the criteria which would require us to provide detailed information of our energy consumption. However, it is by no means certain that we will not be included in the future, which could ultimately result in the payment of an additional levy calculated on our CO2 emissions. Therefore it is vital that we have accurate information and proof of energy efficiency.

**Consultation Undertaken:**

Liaison with Essex Partners (EOLP)

## Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

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<b>Date / Name</b>	<b>Summary of equality analysis</b>
26/08/15 <b>David Newton</b>	The energy saving and improved management process or the selection of Smith Bellerby will have no impact on equalities or discrimination to any groups of people.