

# Energy efficiency funding

**A guide for identifying and funding energy saving projects in maintained schools in Surrey**

**January 2015**



**SURREY**

## Introduction

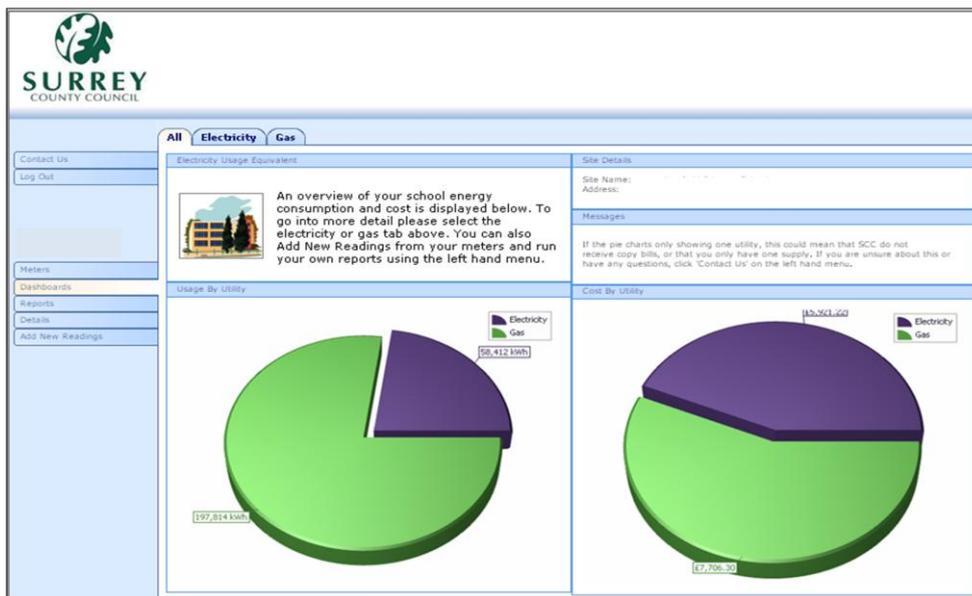
The county council aims to be a resilient and low carbon council in the most cost effective way whilst maximising the wider benefits to Surrey's economy and environment.

Energy costs are the second largest component of schools budgets, after staffing. In 2013/14 schools (excluding Academies) spent a total of £8.2M on premises energy costs and half of the council's carbon emissions come from school buildings.

This note provides a summary of the various options for schools to finance energy efficiency improvements and generating energy on site from renewable resources.

## Start with low / no cost measures

Operating the existing equipment of a building, in the most efficient way possible should always be part of a good approach to energy management. If your school has an 'AMR' or 'Smart' meter, and the Energy Team receive this data, you can use the SystemsLink website (<http://www.systems-link.co.uk/webreports>), to get a better understanding of when energy is being used. If you need a reminder of your school's username and password, or would like to request a Systemslink user guide, please contact the Energy Team at [energy.enquiries@surreycc.gov.uk](mailto:energy.enquiries@surreycc.gov.uk).



## Capital works for energy efficiency

There are various options for schools in Surrey to make energy efficiency improvement and several options for funding them. The status of the school and the type of project plays a significant role in determining how a project may be funded.

The main options available to schools, within the rules from the Secretary of State are listed in Box A.

If you are considering any of these sources of finance, it is advisable to check with the Energy Team, to ensure that the project is not likely to be financed under the council's capital maintenance programme, before considering other options.

## Box A: Funding sources for energy efficiency projects

### **COUNTY COUNCIL SCHOOLS' MAINTENANCE FUND**

This is focused on measures that support essential maintenance of school's building fabric and heating system. These works may deliver energy efficiency benefits for the school, but this is not an essential criteria. You must be Community, Voluntary controlled and Foundation status, to be eligible for this support.

### **SCHOOL RESERVES**

Using the schools' own budget reserves

### **SALIX LOAN**

100% interest-free loans for schools are offered by the Dept for Education. Schools will also be supported to identify eligible projects and secure funding from the government's SALIX fund. Potential projects include LED /T5 lighting upgrades, motor controls and Building Management System upgrades. For further information on how to apply see the [Salix How-To Guide here.](#)

### **COUNTY COUNCIL LOAN**

In some circumstances, a loan can be agreed from the County's Children, Schools and Families Finance service.

### **GRANTS / FUNDRAISING**

For example Local fund raising for donations or grants from grant making Trusts.

### **POWER OR HEAT PURCHASE AGREEMENTS / SHARED SAVINGS MODELS**

The main examples are private equity funds - such as Ethical Power and other 'zero-cap ex' providers of solar PV. Alternatively private funding raised and managed at a local community level e.g. Wey Valley Solar Co-op, could be a source of finance.

# Frequently Asked Questions

## What types of projects will be funded from the maintenance fund?

The types of projects that the council will deliver with this funding stream include :

- Boilers - Replacing old boilers with more efficient models and improving boiler controls, including switching from oil to gas or biomass fuels for heating.
- Insulation and draught proofing that improve building fabric
- Smart meters for monitoring and targeting improvements

## How is funding from the Schools Maintenance Grant allocated to each school?

The Maintenance team and the Energy Management Team in Property Services are responsible for identifying and delivering maintenance and energy efficiency projects. The council has a Property Asset Management (PAMS) database and an Energy Management database (Systems Link). These systems, along with site surveys, are used for identifying and prioritising projects.

## What can a school do to ensure we are considered for projects?

If you are not part of the Laser contract, it is important for you to provide the Energy Team with energy consumption and billing data, so that the best decisions about investment can be made. This information is also required for the county council to monitor its progress against our target to reduce carbon emissions. If you are part of LASER contract, then this information can be gathered directly by the Property team.

## Can schools apply for funding for from the Schools Maintenance Grant?

There is not a formal application process, but you are welcome to contact the Energy team <energy.enquiries@surreycc.gov.uk> to help them identify opportunities for energy efficiency projects at your school. These will be considered alongside the needs of other schools.

## Who is responsible for ensuring value for money?

If projects are financed by Property, procurement standing orders will be followed by the Property service on a school's behalf. For SALIX projects, schools will be offered support from the Energy team, with completing the SALIX compliance tool for projects <£100,000, or writing the business case for larger projects >£100,000. The Energy team will also assist with procuring suppliers and installers, for county maintained schools who wish to take this up.

## What is a SALIX loan available for?

SALIX funding is available for projects that will deliver energy bill savings and carbon emissions reductions. This is generally efficiency projects, covering 120 different measures. Measures must have a maximum payback period of 8 years or a maximum capital cost of £200 per tonne of CO2 reduced, over the lifetime of the measure. Applications can also be part-funded by Salix if it is over the 8 year payback. For a list of eligible technologies see [here](#).

## Can Surrey schools apply for SALIX funding?

Yes. The county council has produced an additional guidance note for schools taking on SALIX loan funding – see **Box B** on following page.

## Can Academies apply for SALIX funding?

Yes, via the Condition Improvement Fund – see <http://www.salixfinance.co.uk/loans/CIF>

## Can SALIX be used to fund solar PV systems?

No, as Salix is government funded, any technologies that can claim the Feed-in Tariff are unable to be funded through Salix as it is seen as double funding – see eligible technologies list, as above.

### Box B: Further guidance from Children, Schools and Families finance team re. SALIX loans

Schools may only borrow outside the council with written approval from the Secretary of State. We understand that the Secretary of State has granted a blanket approval for schools to borrow from SALIX in order to improve their energy efficiency. The 100% interest-free loans are repaid using the schools energy bill savings every March and September via direct debit.

If a Surrey maintained school applies for a SALIX loan directly from SALIX, and that loan is approved by SALIX, the school is expected to advise the LA within a month of receiving approval from SALIX, of:

- \*the amount of loan approved by SALIX
- \* the purpose for which the loan is required
- \* the estimated date on which the loan will be advanced (month and year)
- \* the estimated duration of the loan and the dates on which repayments are due.

The school should also obtain explicit confirmation from SALIX that the loan is covered by the Secretary of State's general approval for borrowing by schools from SALIX

When the school draws down the loan, the school is expected to advise the LA, within a month, of drawdown of

- \* the actual amount of loan drawn down
- \* the date on which it was drawn down
- \* the dates on which repayments are due and the amounts due on each date.

Notification should be by email to the Schools Funding inbox, ([schoolsfunding@surreycc.gov.uk](mailto:schoolsfunding@surreycc.gov.uk)) with a copy to the attached Babcock finance consultant.

These requirements are necessary in order to allow the LA to fulfil its statutory requirements to monitor and report on borrowing, and to allow the LA to monitor the overall level of risk created by SALIX loans. This is because the LA needs to account for borrowing by its schools as part of its own borrowing.

If a school with such a loan converts to an academy, the school will be expected to continue with repayments of the loan. The LA does not in any way guarantee a SALIX loan advanced independently to a school maintained by it.

These arrangements apply only to SALIX loans. Schools cannot borrow externally from any other source without individual permission from the Secretary of State.

**Arrangements for coding loan receipts and repayments will be advised on receipt of notification.**