

CYNGOR SIR POWYS COUNTY COUNCIL.

**AUDIT COMMITTEE
29th September 2011**

**REPORT AUTHOR: County Councillor Ken A. Harris
Portfolio Holder for Waste, Climate Change
& Welsh Language
Steve Holdaway, Head of Local and Environmental
Services.**

SUBJECT: Energy Management Internal Audit Update

REPORT FOR: Decision / Information

Summary

This report is an update of the progress in delivering the Action Plan recommendations within the Internal Audit report into Energy Management dated the 18th January 2011.

Significant changes have occurred in the ownership and governance of Energy Management since the report was produced. These have resulted in some actions being delayed.

Previously the Energy Management Officer was situated within the Performance, Partnerships and Communication directorate, with the Director responsible for delivering a number of the actions required. Energy Management is now situated within Local and Environmental Services.

Despite the change in structure, progress has been made in a number of the recommendations. The Council has completed the CRC Energy Efficiency Scheme which has produced a new Carbon footprint for the authority and therefore meeting actions 4 and 7.

Many of the Actions and responsibility approved in the previous action plan have had to change in line with the new structure. A revised action plan is therefore proposed (Attached as Appendix 1), with relevant actions and persons responsible provided.

Progress since Internal Audit Report

The Energy Management Officer and therefore responsibility for Energy Management is now situated within Property Management section of Property and Design Services. Actions within the Action Plan attributed to the Director of Performance, Partnerships and Communication have been changed to a more relevant person.

Below are the actions and progress made in meeting the Action Plan:

8.1) *There is no definitive Policy document for Energy Management detailing objectives and targets and clearly identifying where responsibility for achievement of targets rests. – **Partially Complete***

Targets and objectives for Energy Management have been collated into one document. The document shows there is a duplication of similar type objectives and targets regarding Energy Management. An updated Energy Management Policy is to be produced in conjunction with other Environmental policies such as Sustainability.

8.2) *There does not appear to be a commitment from Senior Management in terms of additional resources to ensure key targets are achieved. – **Partially Complete.***

Energy Management has now been transferred back to Property Management within Property and Design Services. This has provided more suitable line management and experience to assist the Energy Management Officer.

Within the Adaptation and Mitigation Sub-Programme definition document of the Climate Change Programme, resources have been highlighted to meet Energy Management targets.

8.3) *There are no clear reporting lines in place. - **Partially Complete.***

As stated above the transfer of the Energy Management Officer and Sustainable Development Co-ordinator to Local and Environmental Services in June 2011 has resulted in clearer reporting lines. The Energy Management Officer is now reporting to the property manager. This has provided access to increased resources allowing some work elements to be delegated to other officers.

8.4) *Calculation of the Carbon Footprint is based on 67% of the Council's property portfolio. – **Complete***

The deadline for the reporting of the Carbon Footprint for the CRC Energy Efficiency Scheme has been met and the Council's footprint is based on 100% of the Non-domestic property portfolio.

8.5) *Key milestones and targets have been agreed without additional resources being put in place. **Partially Complete.***

Energy Management forms part of the Adaptation and Mitigation Sub-Programme of the Climate Change Programme. Since the initial audit a business plan and PID has been developed identifying resource shortfalls. As a result funding has been found for Energy Audits. Information from the audits will help identify future energy saving projects.

The need for additional resource will form part of the proposed energy workshop.

8.6) *An accurate assessment of available resources against resources necessary to achieve statutory requirements has not been carried out.* **Partially Complete.**

As mentioned in Item 5 above, a business case and Project Definition for the Sub-Programme of the Climate Change Programme has been produced highlighting resource requirements. In addition an Energy Workshop for Services is taking place in October, the objective is to identify service requirements within energy management and establish areas of responsibility and work within Energy Management. A dedicated additional resource has not been identified.

8.7) *Arrangements have not been made to ensure that the Evidence Pack contains an Audit Certificate.* - **Complete**

An internal audit certificate is required to ensure the CRC Energy Efficiency Scheme is complied with. The audit was undertaken by the Premises Management Officer, who has knowledge of Energy Management and systems that are required. An audit certificate was produced indicating compliance with the Carbon Reduction Commitment.

8.8) *The energy management database is not being used to its full potential.* - **Partially Complete.**

The Energy Management Database is a useful tool with many attributes, such as being able to produce extensive reports and Bill Validation. To use to its full potential will certainly require a full time post to manage the database. Whilst this may not be feasible in the current climate, progress has been made to ensure better use of the system. The BPU is now used to collect invoices from the finance section and the Premises Management Assistant has been populating the database with necessary data to complete the Monitoring and Targeting required for Energy Management delivery. Expanding the use of this database will need to be reviewed.

8.9) *Display Energy Certificates are not on display in all buildings over 1000 square meters.* - **Complete.**

All buildings have a Display Energy Certificate. It is the responsibility of the Premises Manager to display the certificate. Work is currently being undertaken with the Carbon Trust to audit the poorer performing buildings in order to create future energy saving projects.

8.10) *Alternatives to the external procurement of Display Energy Certificates have not been looked into.* **Partially Complete.**

A feasibility into procuring Display Energy Certificates with other LSB members has been looked into, however this has not been introduced and

each Local Service Board member already has their own DEC supplier. Additional costs may occur if we were to change the supplier of our Display Energy Certificates.

In addition the Energy Management Officer has taken steps to become fully qualified to produce Display Energy Certificates. Approval has been given by an accreditation body with a portfolio of work to be completed. However undertaking DECs internally will require the prioritising or reviewing of work within Energy Management.

8.11) *Unrealistic targets have been set in the Carbon Management Energy Efficiency Report for the Local Service Board. **Complete***

Targets of 5% reduction in the LSB Carbon Emissions were stated within the Carbon Management Energy Efficiency Report, since this report a new Council target of 3% reduction has been introduced that takes into account the current financial and staff resources.

8.12) *Monies remain unused in the “Invest to Save” fund. – **Partially Complete***

A report is to be taken to Cabinet notifying members of updated guidelines for the Energy Loan Conservation Scheme and new methods to publicise the scheme. Work has already taken place updating guidelines and publishing on the Intranet and Premises Handbook. A report was taken to Cabinet by the Head of Local and Environmental Services, committing £500,000 to the Energy Loan Conservation Scheme from LES reserves.

Currently two projects totalling loans of £269,500 are in the process of applying for funds from the Loan scheme.

8.13) *A significant number of energy bills are based on estimated readings.*

Monthly meter readings are undertaken by Buildings within the Green Dragon Environmental Management System. However buildings outside Green Dragon such as Schools, Youth Centres and Social Services only provide infrequent meter readings. Meter readings have increased since the audit however despite regular correspondence with Premises Managers meter reads are not undertaken by all buildings.

Future Work and Updated Action Plan

As noted above changes to the structure and the introduction of new work streams have led to the previous Action Plan becoming obsolete. A new action plan is attached with updated actions, responsibilities and deadlines.

To establish Energy Management priorities and responsibilities an Energy Workshop has been organised for October. Services with a building portfolio and support services are attending to determine Energy Management priorities and work required to meet services needs.

The Council has signed up to the Carbon Trusts Local Government Carbon Management Review. This review will look into various areas of Carbon Management in the authority such as current policy, resources, commitment and barriers for carbon reduction. It is anticipated that some recommendations on improving Energy Management in the authority will be suggested within the review.

Recommendation:	Reason for Recommendation:
To note progress and approve the updated Action Plan.	Structure of Energy Management has changed since previous Action Plan developed.

Relevant Policy (ies):	Carbon Management Plan, LSB Carbon Management Energy Efficiency Report		
Within Policy:	Y	Within Budget:	

Person(s) To Implement Decision:	
Date By When Decision To Be Implemented:	

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Background Papers used to prepare Report:

Internal Audit Report into Energy Management. Dated: 18th January 2011.

8.0 ACTION PLAN – Updated Sep 2011

Ref	Control Weakness	Consequences / Risk	Grading	Agreed Actions by Client	When and by Whom
8.1	There is no definitive Policy document for Energy Management detailing objectives and targets and clearly identifying where responsibility for achievement of targets rests.	Confusion amongst officers as to what plans are in place and what the agreed priorities are.	Significant	<p>A) Energy targets and objectives have been identified and documented.</p> <p>B) To produce a combined Energy Management Policy document including objectives from other areas such as Sustainability.</p>	<p><i>Energy Management Officer</i></p> <p>A) Completed. <i>Date: May 2011.</i></p> <p>B) Energy Management Officer. <i>Target Date: June 2012</i></p>
8.2	There does not appear to be a commitment from Senior Management in terms of additional resources to ensure key targets are achieved.	<p>Statutory requirements may not be achieved.</p> <p>Opportunities for energy savings may be missed.</p> <p>Key targets may not be achieved.</p> <p>WAO recommendations not implemented.</p>	Significant	Review of service requirements, Energy Management work & responsibilities to be organised through a workshop.	<p>Head of Local and Environmental Services</p> <p><i>Target Date: November 11.</i></p>
8.3	There are no clear reporting lines in place.	It is currently unclear how the roles of Green Dragon, Sustainability and Energy	Significant	A) Energy Management moved within Asset Management section of Local and Environmental Services	<p>Head of Local and Environmental Services.</p> <p>A) Completed Date</p>

8.0 ACTION PLAN – Updated Sep 2011

Ref	Control Weakness	Consequences / Risk	Grading	Agreed Actions by Client	When and by Whom
		Management all work together.		(Interim Arrangement) B) New Local and Environmental Services structure.	June 2011. B) <i>Target Date: Nov 12</i>
8.4	Calculation of the Carbon Footprint is based on 67% of the Council's property portfolio.	Assurance cannot be given that this figure is accurate.	Significant	Calculation of the whole footprint to be undertaken as part of CRC Energy Efficiency Scheme.	Energy Management Officer. <i>Completed: 31st July 11.</i>
8.5	Key milestones and targets have been agreed without additional resources being put in place.	Key milestones and targets will not be achieved.	Significant	A) Targets reduced to 3% per annum. B) Organisation of Workshop to discuss service requirements.	Head of Local and Environmental services A) <i>Complete.</i> B) <i>November 11.</i>
8.6	An accurate assessment of available resources against resources necessary to achieve statutory requirements has not been carried out.	Without a full assessment budgeting of required resources cannot be undertaken. Non compliance with Carbon Reduction Energy Commitment Efficiency Scheme.	Significant	A) Undertake assessment and review of resources within Energy Management. B) Organisation of Workshop to determine Service requirements for Energy Management.	Head of Local and Environmental Services. A) Completed within Adaptation and Mitigation Sub-programme definition.

8.0 ACTION PLAN – Updated Sep 2011

Ref	Control Weakness	Consequences / Risk	Grading	Agreed Actions by Client	When and by Whom
		Penalties/fines may be incurred by the Council.			<i>B) Target Date: October 11.</i>
8.7	Arrangements have not been made to ensure that the Evidence Pack contains an Audit Certificate.	Non compliance with Carbon Reduction Energy Commitment Efficiency Scheme.	Significant	Audit to be undertaken by Energy Management Officers new manager when new structure is implemented.	Internal Audit undertaken by Premises Management Officer <i>Completed. Aug 11</i>
8.8	The energy management database is not being used to its full potential.	Missed opportunities in terms of energy savings. Poor performing buildings may not be promptly identified.	Significant	Assistance provided by BPU to obtain invoice data. Data entry undertaken within Asset Management resources.	<i>Energy Management Officer. Completed June 11</i>
8.9	Display Energy Certificates are not on display in all buildings over 1000 square meters.	Non compliance with statutory legislation.	Fundamental	Target set to complete renewal of all DEC's.	Energy Management Officer. <i>Completed Apr 11.</i>
8.10	Alternatives to the external procurement of Display Energy Certificates have not been looked into.	Missed opportunities for Powys County Council. Significant increase in costs when DEC's are required for all buildings with a floor	Significant	Alternative procurement to be reviewed by LSB Climate Change Programme. (Costs and property list have been already quantified)	Energy Management Officer. <i>Target Date: Mar 12</i>

8.0 ACTION PLAN – Updated Sep 2011

Ref	Control Weakness	Consequences / Risk	Grading	Agreed Actions by Client	When and by Whom
		area in excess of 250 square meters.			
8.11	Unrealistic targets have been set in the Carbon Management Energy Efficiency Report for the Local Service Board.	Targets will not be achieved.	Significant	Council targets have been reduced to 3%.	LSB Officers. <i>Completed Date: June 11.</i>
8.12	Monies remain unused in the “Invest to Save” fund.	Missed opportunities for energy saving initiatives.	Significant	A) Report going to Cabinet with information on new guidelines and publicity. B) Guidelines for Energy Loan Scheme to be publicised. Including Premises Handbook, Intranet, Staff magazine and direct mailed to premises managers.	A) Energy Management Officer. Report to be presented to Cabinet. <i>Target Date: Oct 11</i> B) Sustainable Development Co-ordinator <i>Target date: Dec 2011</i>
8.13	A significant number of energy bills are based on estimated readings.	Powys County Council are paying incorrect amounts for energy consumption.	Significant	AMR's have been installed in some buildings. Instructions from Heads of Service to undertake regular Meter Reads.	Head of Local and Environmental Services <i>Target Date Mar 12.</i>

