

**CABINET – 14<sup>TH</sup> APRIL 2010**

**EXECUTIVE SUMMARY SHEET – PART I**

<b>Title of Report:</b> Strategic Investment Plan - Building Management System	
<b>Author:</b> Deputy Chief Executive	
<b>Purpose of Report:</b> This report requests approval to release up to £100,000 from funding provided to implement the Strategic Investment Plan, to fund the upgrade of the Building Management Systems in 34 Council operational properties.	
<b>Description of Decision:</b> Cabinet is requested to approve expenditure of £100,000 to meet the costs of the Building Management System upgrade programme.	
<b>Is the decision consistent with the Budget/ Policy Framework?</b> Yes	
<b>If not, Council approval is required to change the Budget/ Policy Framework</b>	
<b>Suggested reason(s) for Decision:</b> Approval of the expenditure will progression of the programme to meet funding external deadlines.  The proposed system upgrades will deliver efficiency savings through reduced maintenance and energy costs. The installation of the new Building Management System will also contribute to the Council's long term carbon reduction target of a 30% reduction in emissions by 2020.	
<b>Alternative options to be considered and recommended to be rejected:</b> Alternative options, in terms of financing the development of the Building Management System sites have been appraised. The proposed option to be taken forward represents the best approach in terms of long term financial and environmental gains.	
<b>Is this a “Key Decision” as defined in the Constitution?</b> No	<b>Relevant Scrutiny Committee:</b> Sustainable Communities
<b>Is it included in the Forward Plan?</b> No	



**STRATEGIC INVESTMENT PLAN – BUILDING MANAGEMENT SYSTEM****REPORT OF THE DEPUTY CHIEF EXECUTIVE****1 Purpose of the Report**

- 1.1 This report requests approval to release £100,000 from the Strategic Investment Plan, to fund the upgrade of the Building Management Systems in 34 Council operational properties.

**2 Description of Decision**

- 2.1 Cabinet is requested to approve expenditure of £100,000 to meet the costs of the Building Management System upgrade programme.

**3 Strategic Investment Plan – Background**

- 3.1 In March 2008, through the Strategic Investment Plan (SIP), Cabinet agreed to fund a “Sustainable City” project that aims to provide high-visibility demonstration of how Sunderland City Council is meeting its own sustainability goals with respect to cutting carbon emissions in the Council and throughout the City.
- 3.2 A total of £655,000 was allocated to four projects to achieve this aim; the Wood Fuel Programme, a Building Management System (BMS) upgrade project, funding for the Low Carbon City campaign and the Wind Energy Programme.
- 3.3 The BMS programme was allocated £100,000 of SIP funding to part finance the upgrade and installation of new BMS system for controlling and managing building heating systems.
- 3.4 Initial scoping work has identified that there are 34 Council buildings requiring BMS upgrades to enable the energy controls to function efficiently. The existing controls on these sites are now obsolete which may result in problems, if or when, a breakdown occurs as it is not possible to obtain replacement parts.

**4 Current position**

- 4.1 Budget costs have been obtained from the energy controls company responsible for the maintenance of the BMS on the 34 sites. The estimated cost to upgrade these systems is £132,000. It is proposed to fund this from the £100,000 SIP allocation plus £32,000 from the Council’s Salix energy conservation fund.
- 4.2 The Salix fund cannot finance the entire scheme as the financial criteria for carbon savings is outside the scope of this scheme. This is due to the majority of savings being delivered by reduced maintenance charges and service improvements due to current reliability issues.

- 4.3 All of the sites utilise British Telecom phone lines to send communications from 50 Fawcett Street. This also means the sites can be remotely accessed to identify how efficiently boiler plants etc. are operating and remedy problems or breakdowns. By upgrading the BMS and using network communications it will no longer require phone lines for remote access. This will save rental costs of £160 per annum for each line with a total saving of £5,440 per annum.
- 4.4 Savings of approximately £8,000 per annum will also be made due to less time required for maintenance and breakdown visits to the sites as some of these existing BMS systems are over 30 year old.
- 4.5 The more efficient BMS system is also expected to deliver savings of 5% of gas currently used for heating and hot water purposes on the 34 sites totalling some £12,000 per annum.
- 4.6 In summary therefore capital expenditure of £132,000 is proposed funded from the funding provided to implement the Strategic Investment Plan (£100,000) and the Salix energy conservation fund (£32,000). It is estimated that this investment will generate annual revenue savings of £25,440 resulting in a payback of just over 5 years.

## **5 Consultation**

- 5.1 The Director of Financial Resources and the Chief Solicitor have been consulted and their comments are contained in the body of the report.

## **6 Reason for Decisions**

- 6.1 The existing BMS are obsolete and replacement parts are becoming increasingly difficult and expensive to source, often resulting in heating systems being used inefficiently while parts are sought to make repairs.
- 6.2 The proposed system upgrades will deliver efficiency savings due to reduced maintenance and energy costs. The installation of the new BMS will also contribute to the Council's long term carbon reduction target of a 30% reduction in emissions by 2020

## **7 Alternative Options**

- 7.1 To not implement the system upgrades. This will increase the risk of system failures and will not secure the efficiency savings that have been identified.

## **8 Background Papers**

- 8.1 Quotation from Schneider for BMS upgrade.
- 8.2 Cabinet report dated March 2008 detailing the original Strategic Investment Programme bid.