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Partneriaeth
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Shared Services
Partnership
Specialist Estates Services

Specialist Estates Services Notification 19/08

19 September 2019

For action by:

Chief Executives
Estates/Facilities Directors and Managers,

For information only:

Directors of Finance
Heads of Procurement

Copy to: Head of Capital, Estates and Facilities,
Department of Health and Social Care, Welsh Government

Attached documents:

None

Dear Colleague,

FUNDING OPTIONS FOR INVESTMENT IN ENERGY EFFICIENCY AND DECARBONISATION

1. Background

This notice is intended to identify and promote the options available to Health Boards and Trusts for funding investments in energy efficiency and decarbonisation.

NHS Wales spends approximately £40 million annually on energy supplies, providing a vital service in terms of supplying heat and hot water and the growing demand for electricity to deliver healthcare that is increasingly reliant on technology and equipment.

Set against this challenge, government climate change and carbon reduction targets put increasing pressure on NHS organisations to reduce carbon emissions. The Environment (Wales) Act 2016 requires an 80% reduction of greenhouse gas emissions in Wales by 2050, and further obligations are anticipated following the

Welsh Government declaration of a Climate Emergency in April 2019 and new aim for net zero emissions by 2050.

Clearly, the need to improve the performance of our energy infrastructure and wider estate in this area is more vital than ever.

Recognising the pressures on traditional sources of capital (Discretionary and Welsh Government Infrastructure), NHS organisations are being encouraged to explore alternative sources and approaches to securing investment required to improve estate performance.

In the recent past, there were a number of initiatives in existence providing advice, support and funding to the NHS, however, it became evident that take up was limited and improvements were required.

2. The Welsh Government Energy Service

In 2018, the Welsh Government Energy Service (WGES) launched to provide a single source of advice and support. WGES is currently progressing a 5-year programme, which aims to “support public sector and communities to generate benefit for Wales from the transition to a low carbon energy economy by developing and implementing large scale energy efficiency and renewable energy projects”.

WGES is open for all Health Boards and Trusts to access and brings together access to the Re:Fit Cymru programme, Wales Funding Programme (formerly Invest To Save) and to the WGES framework for consultancy, technology and project delivery support. Details are outlined below:

Re:Fit Cymru

A Welsh Government public sector support service to assist in making their buildings more energy efficient. Re:Fit enables the public sector to secure guaranteed savings and reduce their carbon impacts by accessing Energy Performance Contracts.

A number of different support mechanisms are available through Re:Fit, such as the programme implementation unit and also the Re:Fit framework (see link below).

<https://gov.wales/sites/default/files/publications/2019-06/refit-cymru-overview.pdf>

Wales Funding Programme

The Wales Funding Programme provides repayable, interest free funding for energy efficiency and renewable energy projects.

This funding stream is available to HS Health Boards and Trusts. Key elements of the Wales Funding programmes are as below:

- Interest free finance
- 8 year payback and £200/tCO₂e requirements to satisfy
- Measures can be grouped to balance the overall payback to 8 years

- Inflation can be considered to help satisfy 8 year stipulation (e.g. tariff inflation)
- Allows 25% of savings to be kept upfront (i.e. extend repayment by 25% of time)
- Can be used alongside other finance (e.g. a 10yr payback application, can be topped up with own capital)

Further information is available at: <https://www.salixfinance.co.uk/loans/welsh-loans>

WGES support framework

WGES is equipped to assist with any project in the following areas:

- Consultancy Support
- Technology Experts
- Commercial & Financial
- Strategic Context
- Project Deliveries

Contact Details

WGES has the following regional Strategic Leads:

Senior Manager: David Powlesland david.powlesland@energyservice.wales

North & Mid Wales: Rhys Horan rhys.horan@energyservice.wales

South West Wales: Richard Evans richard.evans@energyservice.wales

South & East Wales: Jane Forshaw jane.forshaw@energyservice.wales

In addition, each Public Sector Body and Community Group has a dedicated Development Manager.

Other enquires can be made to: ymholiday@gwasanaethynni.cymru | enquiries@energyservice.wales

3. Top Up Opportunities for Carbon Reduction Elements of Other Schemes

It is also worth highlighting that where Health Boards / Trusts are progressing business cases for estate investment, Welsh Government (Capital Estates & Facilities) are prepared to consider discrete funding for measures which go over and above the baseline requirements of statutory and policy compliance. Health Boards should raise this with Welsh Government as part of their Capital Review Meeting process.

4. Closing Comments

I hope you find this helpful and will be able to explore the opportunities that arise. If you would like our assistance in this, please do not hesitate to contact Christopher Lewis, Senior Environment and Facilities Management Advisor on 029 2090 4096 or email Christopher.Lewis4@wales.nhs.uk

Yours sincerely,

A handwritten signature in black ink that reads "NH Davies". The letters are cursive and fluid, with the first name "NH" and the last name "Davies" clearly legible.

NH Davies BSc (Hons), Dip Proj Man (RICS), MBA, MCIQB, FIHEEM

Director Specialist Estates Services

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