

# Finance and Resources Committee

10.00a.m, Tuesday 12 June 2018

## Spend to Save - Funding Applications

Item number	7.5
Report number	
Executive/routine	
Wards	
Council Commitments	

### Executive Summary

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As part of the approved budget motion for 2018/19, Council agreed in-principle use of the Spend to Save Fund to take forward investment in two projects concerned with LED lighting in public spaces and buildings (indicative allocation £0.300m) and cultural venue equipment (indicative allocation £0.200m) respectively. In agreeing this in-principle funding, it was indicated that more detailed proposals would be reported to a subsequent meeting of the Finance and Resources Committee. This report provides further details of the projects concerned.

## Spend to Save - Funding Applications

### 1. Recommendations

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- 1.1 It is recommended that members of the Finance and Resources Committee:
- 1.1.1 Consider the undernoted Spend to Save applications and, subject to approval, refer this decision to Council for ratification of use of the Fund for the project(s) concerned.

### 2. Background

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- 2.1 As part of the approved budget motion for 2018/19, Council agreed in-principle use of the Spend to Save Fund to take forward investment in two projects concerned with LED lighting in public spaces and buildings (indicative allocation £0.300m) and cultural venue equipment (indicative allocation £0.200m) respectively. In agreeing this in-principle funding, it was indicated that more detailed proposals would be reported to a subsequent meeting of the Finance and Resources Committee.

### 3. Main report

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#### **Light-Emitting Diode lighting in public spaces and buildings**

- 3.1 Light-Emitting Diode (LED) lamps are now recognised as being both more efficient and cheaper to run than previous forms of lighting. They use significantly less electricity than many standard lamps, whilst lasting up to ten times longer, thereby reducing maintenance costs.
- 3.2 It is proposed that targeted lighting and lighting control upgrades be carried out in operational properties within the Council estate. Qualifying projects will be prioritised based on the following criteria:
- financial and resource savings;
  - carbon and sustainability benefits (specifically reductions in electricity consumption and waste materials);
  - level of improvement to the fabric of the building; and
  - level of improvement to internal/external light levels.
- 3.3 Savings will be calculated based on both electricity and maintenance savings. Funding will be provided for projects with up to a five-year simple payback period. Whilst many projects will deliver payback within this period, where project costs

exceed the standard five-year payback, alternative funding will be sourced from appropriate property funds based on their contribution to improving fabric and internal/external light levels and associated health and safety requirements.

3.4 Projects will focus on three main areas:

### **1. External Lighting**

External lighting is present across the Council estate to illuminate buildings for both access and security throughout the hours of darkness (around 5,000 hours per year). There can be large energy savings by upgrading to low-energy LED lamps and introducing daylight controls to ensure lights are only on during darkness.

### **2. Internal High-Level Lighting**

The Council has several large buildings with high-level lighting, such as depots and stores. These lamps are predominantly high-output fittings due to the distance to the working area below. Due to the short lamp life of older fittings and the requirement for access platforms, maintenance costs can be high. The installation of LED lamps can therefore deliver significant energy and maintenance savings.

### **3. Public-Facing Buildings**

Buildings with long operational hours such as offices, community centres and cultural venues are ideal venues for LED lighting upgrades. Where older lighting is currently in place, new lighting will help to improve the internal environment, reduce energy and maintenance costs and visual appearance.

3.5 The project links with the Council's overarching objective of delivering a sustainable future. It also aligns with the Coalition Commitment to improve Edinburgh's air quality and reduce carbon emissions. The project will reduce emissions associated with the generation of electricity, decrease maintenance costs and lower the volume of waste sent to landfill.

3.6 It is proposed that the financial investment of £0.300m be phased equally over two years. LED lamp life will vary depending on the type of lamp and hours of use. In some buildings lamps may last three to five years whereas in others, they will last over ten years. Therefore, an average five-year life has been assumed, with a depreciation factor of 0.8 applied. A 3% year-on-year increase in utility and maintenance costs has been included in the calculations.

3.7 It has been estimated that 80% of savings will come from reduced energy expenditure and the remaining 20% from maintenance savings, however this ratio will vary from project to project. Taken together, these will allow for a payback period of no more than five years but with opportunities examined to accelerate this repayment profile, subject to the projects taken forward. The project will be

delivered through the existing Technical Services Team within Facilities Management.

### **Usher Hall public address system**

- 3.8 The Usher Hall has an ad hoc mix of public address system installations, ranging from wall-mounted speakers fitted in 1999 to a rented sound desk and various connecting leads/microphones. Investment in larger systems has been avoided because touring bands bring their own specific requirements or equipment is rented in to meet those needs.
- 3.9 The Hall has witnessed a large increase in business use since 1999 and, therefore, requests for spoken word events ranging from graduation ceremonies to lectures as well as orchestras wishing to supplement their sounds with electronic instruments and/or film scores on cinema screens. As a key venue for the Edinburgh International Festival, the Hall's service offering is in need of modernisation when compared to other venues. It wishes to install a modern system to meet the technical requirements of these events and estimates that the associated investment of £80,000 would generate income from related rentals to cover the costs.
- 3.10 With an improved technical offer, rentals could be extended to generate additional income of £16,000 per annum from existing business use from graduation ceremonies, comedy/spoken word events, orchestral film concerts and lectures, resulting in a payback period of no longer than five years. In addition, when the Usher Hall programmes its own concerts, the cost of hiring a suitable public address system can be upwards of £2,000 per show. The resultant cost saving resulting from outright purchase (i.e. avoided hire costs) could also be used to contribute towards the cost of the system, thereby shortening the payback period.
- 3.11 There will also be an environmental and local traffic benefit with less requirement for truck based deliveries to the venue.
- 3.12 The proposed investment would contribute positively to the following Coalition commitments:
- 2. Create the conditions for businesses to thrive. Invest in supporting businesses, social enterprise, training in hi tech, creative and other key sectors including co-operatives. Help link business with young people to ensure the workforce of the future is guaranteed work, training or education on leaving school.
  - 46. Continue to support the city's major festivals which generate jobs and boost local businesses and increase the funding for local festivals and events. Support the creation of further work spaces for artists and craftspeople.

## **Usher Hall poster sites**

- 3.13 The Usher Hall is embarking on a new business model and plan which aims to move towards a largely digital content approach to delivering its marketing and communications to the public. With over 210 performances each year and its status as the key concert venue for the Edinburgh International Festival, it spends a substantial sum creating print such as brochures, leaflets and posters.
- 3.14 With over 70% of its ticket sales now being generated online through the website and ticketing system, the plan is to use Spend to Save fund investment of £120,000 to create a more coherent route through its sales channels. The anticipated return on investment would come from increasing income from renting space on the new digital sites and redirecting existing spend on physical assets (print, leaflets and posters) to digital ones (digital poster boards, website and online marketing).
- 3.15 The Hall currently generates c. £5,000 per year from clients renting the existing static poster sites. It is anticipated that this figure could be increased to c £15,000 through the move to digital boards. The sites would be used exclusively for cultural activity taking place in the area of the Usher Hall, Lyceum Theatre, Traverse Theatre and Filmhouse. They could also be used for wider cultural advertising across the city and potentially branding/sponsorship opportunities where relating to cultural/festival/concert support.
- 3.16 Spend on producing physical marketing assets is in the region of £40,000 per annum. Whilst there would be a continued need for some physical print, the service would redirect £14,000 of this sum towards the upfront cost of the project. Taken together, the £10,000 of additional income and £14,000 of redirected current spend on print, leaflets and posters would result in annual savings of £24,000 and a five-year payback period.
- 3.17 Alongside supporting the direction of travel of the business model, the project would also contribute positively towards the Council's environmental agenda. The Hall currently prints and distributes over 30,000 brochures, leaflets and posters during the year, and more coherent digital marketing model will reduce the paper usage as well as van based delivery/distribution methods.
- 3.18 As with the complementary planned investment in upgrading the public address system, approval would contribute positively to Coalition Commitments 2 and 46 as noted above.

## **4. Measures of success**

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- 4.1 Subject to approval, the projects deliver the financial, service and environmental benefits set out within the respective business cases.

## **5. Financial impact**

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- 5.1 Assuming approval, £0.500m of funding will be drawn down from the Spend to Save fund, with this investment then repaid over five years. This sum can be fully accommodated based on current Fund commitments.

## **6. Risk, policy, compliance and governance impact**

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- 6.1 The projections within the respective business cases have been subject to review by Finance staff and potential mitigating actions developed should resulting savings vary from these assumptions. Any overall shortfall in delivery of savings will fall to be met by the service concerned.

## **7. Equalities impact**

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- 7.1 While the Usher Hall poster sites initiatives will place much greater emphasis on digital media, an element (albeit much-reduced) of traditional printed materials will be retained. The impact of these changes will be kept under review.

## **8. Sustainability impact**

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- 8.1 Assuming approval, additional investment in LED lighting and digital media will contribute positively to reductions in energy consumption-linked carbon emissions, printed materials and volumes of waste sent to landfill.

## **9. Consultation and engagement**

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- 9.1 There is no direct relevance to the report's contents.

## **10. Background reading/external references**

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- 10.1 None.

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# 11. Appendices

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None.