

# Neath Port Talbot County Borough Council

## Education, Skills and Wellbeing Scrutiny Committee

1<sup>st</sup> February 2024

### Matter for information

### Wards affected – All

## Impact of Energy Prices on School Budgets

### Purpose of Report

To update members on the impact of increased energy prices on school budgets.

### Introduction

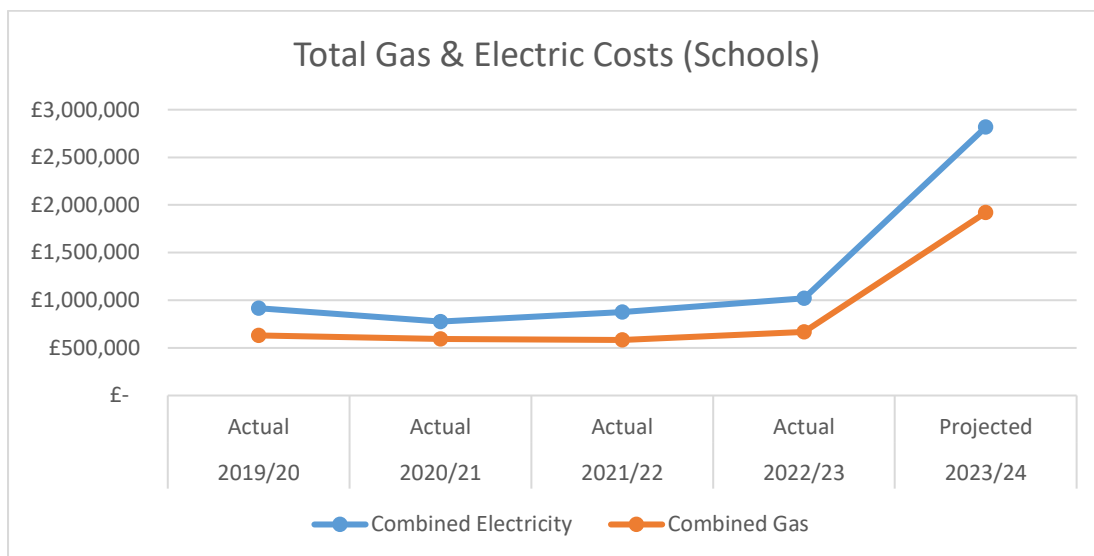
In recent years Neath Port Talbot schools have faced considerable budget challenges, including most recently the impact of rising energy costs. This report outlines the increases that schools are experiencing along with some actions being planned or already undertaken to help mitigate the impact where possible.

### Impact

In the last 4 years both gas and electricity prices have risen significantly as seen below.

Sector	Energy Type	2019/20 Actual	2020/21 Actual *	2021/22 Actual	2022/23 Actual	2023/24 Projected	Variance 22/23 v 23/24	% change
Primary & Special	Electricity	£ 530,681	£ 464,473	£ 503,482	£ 615,363	£ 1,351,321	£ 735,958	120%
	Gas	£ 402,495	£ 372,800	£ 338,024	£ 420,573	£ 1,001,979	£ 581,406	138%
	<b>Sub Total</b>	<b>£ 933,177</b>	<b>£ 837,274</b>	<b>£ 841,505</b>	<b>£ 1,035,936</b>	<b>£ 2,353,300</b>	<b>£ 1,317,364</b>	<b>127%</b>
Secondary	Electricity	£ 386,382	£ 311,640	£ 372,498	£ 406,352	£ 1,465,258	£ 1,058,906	261%
	Gas	£ 228,548	£ 219,601	£ 245,118	£ 246,649	£ 918,216	£ 671,567	272%
	<b>Sub Total</b>	<b>£ 614,930</b>	<b>£ 531,241</b>	<b>£ 617,616</b>	<b>£ 653,001</b>	<b>£ 2,383,474</b>	<b>£ 1,730,473</b>	<b>265%</b>
Combined	Electricity	£ 917,063	£ 776,113	£ 875,980	£ 1,021,715	£ 2,816,579	£ 1,794,864	176%
	Gas	£ 631,043	£ 592,402	£ 583,142	£ 667,222	£ 1,920,195	£ 1,252,973	188%
	<b>Total</b>	<b>£ 1,548,106</b>	<b>£ 1,368,515</b>	<b>£ 1,459,121</b>	<b>£ 1,688,937</b>	<b>£ 4,736,774</b>	<b>£ 3,047,837</b>	<b>180%</b>

The energy market remains volatile and price is not within the direct control of the Council. The projected costs for this financial year on gas and electric in schools are £3m higher than last financial year which equates to a 180% increase overall



The schools budget for 2023-24 did include an additional £1.2m for energy costs and a further one off amount of £721k has also recently been agreed which will be transferred to schools in the near future. However there remains an estimated shortfall of £1.1m on school budgets in 2023-24 for energy costs alone.

Looking ahead to 2024-25 the draft budget does not currently include any further uplifts for energy, although it is presently anticipated that rates will fall in April and again in July this year.

A significant number of schools are going to face challenges in balancing their budgets and it is anticipated that there will be an increased number of schools who will be ending this financial year with a budget deficit.

### Mitigating Actions

Currently the following projects/programmes are being progressed to support schools improve their energy performance with the aim of reducing the impact of energy costs.

- Controls/Building Management Systems (BMS) Review Programme
- Engagement support:
  - \*Energy Sparks initiative
  - \*Energy good practice engagement material sent direct to schools
- Solar PV Programme – Stage 1 implementation of 14 schools

BMS is a computer-based system installed to control and monitor a building’s electrical equipment such as ventilation, lighting, energy, fire systems, and security systems. It

has an important role to play in managing demand for energy in a cost-effective way, helping to reduce energy costs and provide optimum comfort for users of the buildings.

The Energy Sparks initiative is due to commence this term with all schools who are interested in taking part. A meeting has been arranged with the respective Chairs of the primary and secondary Headteacher groups to gain their support and to outline in detail the expected benefits.

In summary, Energy Sparks is an online energy analysis tool and energy education programme specifically designed to help schools reduce their electricity and gas usage through the analysis of smart meter data. Energy Sparks helps schools reduce their carbon emissions, and make a real contribution to addressing the 'climate emergency'.

Energy Sparks is currently working with over 750 schools and report that most schools participating with Energy Sparks can expect to achieve energy savings of around 10% in their first year of engagement, resulting in cost savings of around £2500-£6000 (depending on tariffs) and 8 tonnes of CO2 based on an average 2 form entry primary school.

The planned Solar PV programme is in its early stages. To date 14 schools have been identified as having the potential capability for installation of solar PV panels. Work is ongoing on further investigating feasibility.

The environment directorate are currently progressing recruitment to a number of posts to assist with the work in supporting schools to reduce their energy consumption and costs.

### **Integrated Impact Assessment (IIA)**

There is no requirement for an IIA as this report is for information only.

### **Workforce Impacts**

There are no direct adverse workforce impacts identified as a result of this report. However the increased energy costs will add to the budget pressures experienced by schools and may indirectly lead to adverse workforce impacts.

### **Risks**

The additional budget costs increases the risk that schools are not able to set a balanced budget in March 2024.

### **Legal Impact**

There is no direct legal impact as result of this report. The Schools Standards and Framework Act 1998 (the SSFA) sets out the legal framework within which LAs allocate their education expenditure to schools. The School

Funding (Wales) Regulations 2010 came into force on 1 September 2010 for the financial years 2011-12 onwards.

## **Recommendation**

It is recommended that members note the contents of this report.

## **Officer Contact**

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