NHS Energy Efficiency Fund for LED lighting

October 2018

Following the announcement at the Institute of Healthcare Estates Engineering and Estates Management Conference on 10 October 2018 of funding to accelerate the adoption of light-emitting diode (LED) lighting in NHS hospitals, we are pleased to outline how NHS trusts and foundation trusts (collectively referred to as trusts) can bid for monies.

We encourage all trusts seeking to reduce both their energy expenditure and carbon impact to take full advantage of this unique opportunity. The deadline for applications is 12 noon on 30 November 2018.

The NHS has significant opportunity to deliver annual revenue efficiency savings from energy efficiency. It spends over £540 million annually on energy and interventions offer the opportunity not only to reduce this spend but also to improve the environment for patients and staff, and to reduce related carbon emissions. In many cases, investment in infrastructure will also reduce backlog maintenance risk for trusts. With investment in energy efficiency projects, this could drop by as much as 10% over the next 36 months as it would enable capital investment to flow into spend-to-save programmes.

Specific interventions include smart LED lighting, on-site power generation (eg combined heat and power), energy optimisation in operating theatres, building management system controls, and heating and ventilation control upgrades.

NHS Improvement has considered the range of energy conservation measures and identified energy-efficient LED lighting as the most effective solution to deliver savings within the required timescales. Its benefits are:

- 5–20% reduction in electricity use
- potential carbon savings of up to 45%
• reduced ongoing maintenance costs
• improved patient and staff experience from a better quality of lighting.

Return on investment in LED lighting projects in both healthcare buildings and the wider public and private sectors is proven. For example, a[n investment on LED lighting of £96,000 at King’s College Hospital] has been returned in 4.8 years and lifetime savings of £262,000 are projected. Trusts do tell us they are keen to implement LED lighting projects, but requests for financial support are often not prioritised in local capital allocation processes.

Eligibility
All NHS trusts are eligible to apply for funding and allocation will be prioritised for those demonstrating the greatest potential and need. Applications will be assessed by the NHS Energy Efficiency Fund Programme Delivery Board (see below) against the following criteria:

• projected energy use savings (kWh)
• projected revenue savings on energy spend
• projected revenue savings on maintenance costs
• projected carbon savings (gCO₂)
• percentage of lighting covered across the NHS trust estate
• percentage of trust capital contribution to the project
• return on investment period
• project deliverability including timescales.

For a trust to be considered:

• the trust board, or relevant finance and investment committee, must approve the business case supporting implementation. **Note: this does not have to be completed by the submission date**
• the trust’s executive team confirms in writing that the trust supports the implementation and that the funding provided will be spent on LED lighting
• the trust provides a clear outline of how it will manage the implementation and subsequent system optimisation as part of its expression of interest.

**Please note funding is not available for any enabling works, eg removal of asbestos.**

How to apply
Expressions of interest for this single round of funding can be submitted between 10 October and 12 noon on 30 November 2018. If any of the funding remains unallocated then a further round of applications may be invited.
The trust’s director of estates and facilities should submit the expression of interest to nhsi.estatesandfacilities@nhs.net using the application form and guidance available from the ‘sustainability’ section of the Estates and Facilities Collaborative Hub as well as the NHS Improvement website.

Unless complete information is provided applications may be rejected.

**Timeline**

<table>
<thead>
<tr>
<th>Date</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 October 2018</td>
<td>Applications open</td>
</tr>
<tr>
<td>30 November 2018</td>
<td>Application deadline</td>
</tr>
<tr>
<td>11 January 2018</td>
<td>Assessment/provisional award</td>
</tr>
<tr>
<td>By 28 February 2019</td>
<td>Procurement complete</td>
</tr>
<tr>
<td>By 15 March 2019</td>
<td>Funding confirmed</td>
</tr>
<tr>
<td>1 April 2019</td>
<td>Projects mobilised</td>
</tr>
</tbody>
</table>

**Assessment**

The NHS Energy Efficiency Fund Programme Delivery Board has overall governance and responsibility for the delivery of the NHS Energy Efficiency Fund. Its terms of reference, which include details of the individuals who will assess the applications, is available via the Collaborative Hub.

The scoring matrix below outlines how applications will be assessed by the NHS Energy Efficiency Fund Programme Delivery Board.

<table>
<thead>
<tr>
<th>Project deliverability</th>
<th>Score</th>
<th>A Prioritised for funding</th>
<th>B Eligible for funding</th>
<th>C Potentially eligible for funding</th>
<th>D Not funded</th>
</tr>
</thead>
<tbody>
<tr>
<td>16-20</td>
<td>Below 10</td>
<td>10-15</td>
<td>16-20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10-15</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Financial and carbon reduction benefit

Applications assessed as A or B will be deemed viable and go forward to the moderation process. Those assessed as C will be considered eligible for funding but may require further information to support the final decision. Applications confirmed as D or E will be considered to represent too great a risk or doubtful for delivery within the required timeframe.
All applicants will receive feedback. NHS trusts that are unsuccessful will also be given information on alternative finance routes to support funding for energy efficiency projects.

If the fund is oversubscribed, the NHS Energy Efficiency Programme Board will agree and apply further criteria during the moderation stage.

**Deliverables**
Applications must demonstrate a clear timeline to procure and implement the trust’s LED lighting project. Those that are successful in obtaining funding will be expected to confirm the savings delivered by the project no later than six months following completion.

**Procurement routes and options**
NHS trusts can conduct their own *Official Journal of the European Union* (OJEU) procurement process. However, some compliant frameworks already exist and can provide a fast route to the market. Examples are:

**Countess of Chester Hospital Commercial Procurement Services**
Smart Building Solutions Using The Internet Of Things
Single Supplier National Framework Agreement (Enlighted)
Reference: F/042/SBS/17/IB
OJEU notice: 2017/S 023-040651

**Essentia Trading**
Essential Lighting Framework
Framework period: September 2018 to September 2022
OJEU reference: 2018/S 094-213692

**Laser Energy**
LED Lighting Framework
Framework period: August 2015 – July 2019
Reference: Y14064
OJUE awards notice: 2015/S 182-329699

**YPO**
Low Energy Lighting – 716
Framework period: September 2016 to September 2021
OJEU framework notice: 2016/S 141-255805

**RE:FIT**
OJEU framework notice 2015/S 214-391299
NHS trusts throughout England and Wales can access the RE:FIT programme:

- for those in the Greater London area, RE:FIT offers a framework with 16 energy-saving companies as well as funded technical, business case and tender document support. Contact via [www.london.gov.uk/refit](http://www.london.gov.uk/refit)
Support
Many of the frameworks outlined above provide ‘end to end’ management of the design, tender and installation process.

Trusts can also access the extensive knowledge and experience in the NHS Improvement Sustainability Team at every stage of the process. In addition, the NHS Improvement Estates and Facilities Collaborative Hub is a platform accessible to all estates and facilities teams to share knowledge and ideas. To register e-mail nhsi.efimportalsubmissions@nhs.net and an invitation to join the hub will usually follow within 24 hours.

Funding
Funding is available as capital only and will be provided under standard Department of Health and Social Care (DHSC) funding procedures. Before monies are transferred, a trust will be required to demonstrate with a cash flow that expenditure has already been incurred or will be imminently – that is, the fund is not being drawn in advance of need.

Trusts will be given a Public Dividend Capital (PDC) limit for the year against which they can draw funds when needed and in line with the drawdown requirements set out in a PDC memorandum of understanding between DHSC and the Provider Implementation and Benefits confirmation.

Measurement and reporting
The success of this funding will be measured and reported by NHS Improvement using evidence of:

- total cost savings
- total carbon savings
- total maintenance savings.