

January 2008/03

**Policy development**

**Consultation**

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Responses should be sent to HEFCE  
by 21 April 2008.

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This document sets out our plans for the development of a revolving green fund to help higher education institutions cut their 'greenhouse gas' emissions. Comments are invited on how the fund will operate and its aims.

# Revolving green fund

## Consultation on the aims and operation of a revolving green fund



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# Revolving green fund

## Consultation on the aims and operation of a revolving green fund

<b>To</b>	Heads of HEFCE-funded higher education institutions
<b>Of interest to those responsible for</b>	Strategic management, estates, energy and environmental management
<b>Reference</b>	2008/03
<b>Publication date</b>	January 2008
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### Executive summary

#### Purpose

1. This document sets out our plans for the development of a revolving green fund to help higher education institutions in England cut their 'greenhouse gas' emissions including carbon dioxide.

#### Key points

2. Annual energy costs for the English higher education sector currently stand at around £250 million resulting in carbon dioxide (CO<sub>2</sub>) emissions of around 1.6 million tonnes<sup>1</sup>. As the sector grows, these figures will also grow, unless action is taken. The UK government has set a goal to cut carbon dioxide emissions by at least 60 per cent by 2050. We believe that the higher education (HE) sector in England has the opportunity to take a lead in this area. The benefits from carbon management are not just environmental, higher education institutions (HEIs) can also save money and enhance their reputations.

3. New funds will be available for three years from 2008-09 to provide repayable grants to HEIs to embark on projects that reduce greenhouse gas emissions. The proposed revolving green fund will be a partnership between HEFCE and Salix Finance with both parties intending to commit significant funds. The exact value of the fund will depend on the outcome of the Government's comprehensive spending review but we envisage it will total around £30-40 million over a three year period.

4. Salix Finance is an independent, publicly funded company, set up in 2004, to accelerate public sector investment in energy saving technologies through invest to save schemes. Salix has

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<sup>1</sup> Estates Management Statistics. [www.opdems.ac.uk](http://www.opdems.ac.uk)

public funding from the Carbon Trust and the Learning and Skills Council and is working across the public sector with Local Authorities, NHS Foundation Trusts, Higher and Further Education institutions and Central Government.

5. We propose that the fund should aim to:

- reduce the sector's greenhouse gas emissions, in particular carbon dioxide
- achieve long-term financial savings from reduced energy consumption
- increase the implementation of energy efficiency projects within the higher education sector
- promote the sector's leading role in reducing greenhouse gas emissions through projects which transform an HEI's approach to reducing its emissions
- work closely with Salix and in turn the Carbon Trust
- use minimal accountability processes.

6. We propose that the revolving green fund should have two strands:

- an institutional small projects fund
- a transformational fund.

7. The institutional small projects fund will use Salix's traditional model (paragraphs 20-23) where institutions receive ring-fenced money from the fund.

8. The transformational fund will be for HEIs to tackle larger projects which will transform an HEI's approach to managing its energy consumption and reducing its emissions. The transformational fund might consider applications in the region of £1-4 million per institution where those institutions will lead the way and act as beacons of good practice. Institutions may apply for one or more projects which aim to bring about transformational change, which may include adoption of technologies which are new in the UK or the higher education sector.

9. Each grant that an HEI receives will be repayable from the financial savings it makes.

10. This consultation also sets out our proposals for application, assessment and accountability arrangements for the fund.

### **Action required**

11. We would like your comments on the aims of the fund and how it will operate. Please send these on the response form (Annex A) published on the web with this document, by e-mail to Joanna Simpson at HEFCE, [sustainabledevelopment@hefce.ac.uk](mailto:sustainabledevelopment@hefce.ac.uk), by **21 April 2008**.

## Introduction

12. There is international scientific consensus that the Earth's climate is changing, and that people have a role in accelerating this change. In 2007, the United Nations' Intergovernmental Panel on Climate Change (IPCC)<sup>2</sup> stated that warming of the climate system is unequivocal and that the role of human activities in the observed changes is now clearer than ever. Most scientists agree, however, that the worst effects of climate change may be minimised if emissions of greenhouse gases such as carbon dioxide are dramatically reduced.

13. The UK government-commissioned Stern Review<sup>3</sup> concluded that the benefits of strong and early action will far outweigh the economic costs of not acting. In response, the Government has set a goal to cut carbon dioxide (CO<sub>2</sub>) emissions by at least 60 per cent by 2050, with real progress by 2020<sup>4</sup>. In particular, the Government is committed to delivering cuts in emissions from large non-energy intensive businesses and public sector organisations of 4.4 million tonnes of CO<sub>2</sub> by 2020.

14. The HEFCE publication 'Sustainable development in higher education' (HEFCE 2005/28)<sup>5</sup> set out our vision, that:

'...within the next 10 years, the higher education sector in this country will be recognised as a major contributor to society's efforts to achieve sustainability – through the skills and knowledge that its graduates learn and put into practice, and through its own strategies and operations'.

More specifically the document identifies carbon management as one way in which HEIs can begin the transition to sustainable development.

15. Annual energy costs for the English higher education sector currently stand at around £250 million, resulting in CO<sub>2</sub> emissions of around 1.6m tonnes. These figures can only be expected to

grow – in line with the sector – unless action is taken. Many HEIs are, or will be required to reduce their carbon dioxide emissions through the current EU Emissions Trading Scheme<sup>6</sup> or the UK's forthcoming Carbon Reduction Commitment (CRC)<sup>7</sup> which will be implemented progressively between January 2010 and January 2013.

16. The English higher education sector has the opportunity to take a lead in this area. The benefits of carbon management are not just environmental; HEIs can save money by reducing energy consumption and enhance the reputation of the sector.

17. HEIs state that they have little capital to invest in energy efficiency projects, which presents a major barrier to implementing carbon management. It can also be problematic to meet the relatively small extra up-front costs of building to high environmental performance standards (around 2-3 per cent on a typical development). This problem can be compounded if an institution takes an approach to project appraisal that ignores whole life costs and benefits; with immediate gains preferred over larger long-term benefits. Finally, but very importantly, many organisations simply lack capacity – a dedicated energy management resource and access to related expertise – to lead and manage the necessary activity.

18. HEFCE has been successful in securing additional funds through the Comprehensive Spending Review to establish an 'invest to save' type revolving green fund (RGF) for the English HE sector. This will provide repayable grants to HEIs to undertake projects which reduce greenhouse gas emissions, with the grant repayable from the financial savings made. Such a fund will lead to reductions in greenhouse gas emissions from both existing and new buildings, and enable institutions to save money in the long term and to benefit from

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<sup>2</sup> 'Climate Change 2007: The Physical Science Basis' available at [www.ipcc.ch](http://www.ipcc.ch) under IPCC Reports/Assessment reports

<sup>3</sup> 'Stern Review on the Economics of Climate Change' available at [www.hm-treasury.gov.uk/independent\\_reviews/stern\\_review\\_economics\\_climate\\_change/sternreview\\_index.cfm](http://www.hm-treasury.gov.uk/independent_reviews/stern_review_economics_climate_change/sternreview_index.cfm).

<sup>4</sup> 'Energy White Paper 2007' available at [www.berr.gov.uk](http://www.berr.gov.uk) under Energy.

<sup>5</sup> Available on the HEFCE web-site [www.hefce.ac.uk](http://www.hefce.ac.uk) under Publications.

<sup>6</sup> Information available at [www.defra.gov.uk/environment/climatechange/trading/eu/index.htm](http://www.defra.gov.uk/environment/climatechange/trading/eu/index.htm).

<sup>7</sup> Information available at [www.defra.gov.uk/Environment/climatechange/uk/business/crc/index.htm](http://www.defra.gov.uk/Environment/climatechange/uk/business/crc/index.htm).

carbon trading. Projects might include better energy management, on-site renewable energy generation, waste management, and sustainable construction and refurbishment. In developing our proposals for this fund we have looked at successful schemes elsewhere. These include the Green Campus Loan Fund at Harvard University<sup>8</sup> and Salix Finance Ltd<sup>9</sup>.

### **Case study: Harvard University's Green Campus Initiative**

19. Harvard University's Green Campus Initiative (established in 2000) includes a Green Campus Loan Fund. This provides interest-free capital for high performance campus design, operations, maintenance and occupant behaviour projects, which must reduce the university's environmental impacts and have a payback period of five years or less. It provides the up-front capital, interest free, and applicant departments agree to repay the fund via savings achieved by reductions in utility consumption, waste removal or operating costs. This formula allows departments to upgrade the efficiency, comfort, and functionality of their facilities without incurring any capital costs. Projects financed through the fund in recent years have had a high average rate of return, making them good investments as well as sound environmental projects. In the first four years \$5.5 million was invested in 70 projects, with an average return on investment of 38 per cent. Harvard estimates there has been an overall reduction in greenhouse gases of over 3 per cent per year, representing annual savings of around 14,000 tonnes of CO<sub>2</sub> with energy consumption reduced by 10 to 12 per cent. The fund started at \$3 million but these successes led the university to double its size in 2004 and again in 2006 to \$12 million.

### **Case Study: Salix Finance Ltd**

20. Salix is an independent, publicly funded, not-for-profit company set up by the Carbon Trust<sup>10</sup> in 2004 to help public sector bodies reduce energy costs and carbon emissions and to show leadership in tackling climate change. It does this by providing capital funding to local authorities, universities, NHS Foundation Trusts and other public bodies for energy efficiency and certain renewable technology projects.

21. Salix is an integral part of the Government's Climate Change Programme. It has just finished a successful pilot HE programme with four English and four Scottish universities, and is rolling the programme out with the intention of supporting a further eight institutions before March 2008.

22. Salix provides funding of around £250,000 to each HEI, but this can be as high as £500,000. This funding is matched by the institution and ring-fenced to be spent on energy saving and renewable energy generation projects. Salix funds can only be spent on projects which have a payback of less than five or seven and a half years (depending on the type of project) and will deliver carbon savings consistently over a long time period (measured as capital cost per tonne of CO<sub>2</sub> saved on a lifetime basis).

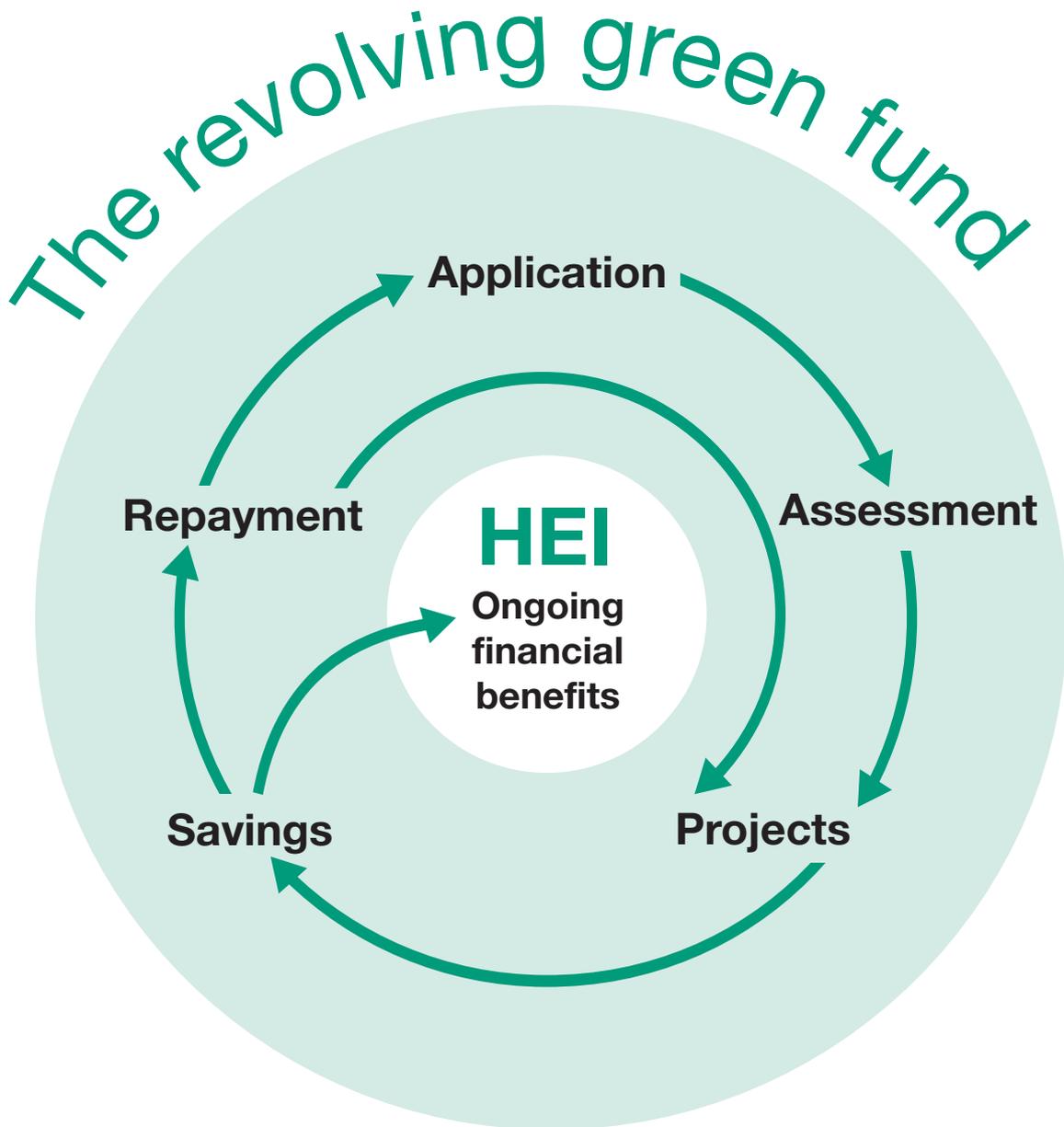
23. A key principle is that financial savings from funded projects, which have a relatively short payback period, are repaid into the ring-fenced fund held by the institution for re-investment in further projects. Once the original project investment is repaid to the fund the institution is free to keep ongoing savings to spend on their own priorities. The institution does not have to repay the money loaned by Salix whilst it continues to invest the money in eligible projects. This is defined as at least 60 per cent of available money held in the ring-fenced fund being re-invested each year.

<sup>8</sup> Information available at [www.greencampus.harvard.edu](http://www.greencampus.harvard.edu) under Visit Our Programs.

<sup>9</sup> Information available at [www.salixfinance.co.uk](http://www.salixfinance.co.uk) under About Us.

<sup>10</sup> Information available at [www.carbontrust.co.uk](http://www.carbontrust.co.uk) under About Us.

24. The proposed revolving green fund will be a partnership between HEFCE and Salix with both parties intending to commit significant funds. The exact value of the fund will depend on the outcome of the Government's comprehensive spending review but we envisage it will total around £30-40 million over three years from 2008-09.



## Aims of the fund

25. We propose that the fund should aim to:

- reduce the sector's greenhouse gas emissions, in particular carbon dioxide
- achieve long-term financial savings from reduced energy consumption
- increase the implementation of energy efficiency projects within the higher education sector
- promote the sector's leading role in reducing greenhouse gas emissions through projects which transform an HEI's approach to reducing its emissions
- work closely with Salix and in turn the Carbon Trust
- use minimal accountability processes.

## How will the fund operate?

26. We propose that the revolving green fund has two strands:

- an institutional small projects fund
- a transformational fund.

### Institutional small projects fund

27. The institutional small projects fund will use the traditional Salix model where institutions apply for ring-fenced funding (as described in paragraphs 20-23). HEFCE will match Salix's funding provided through the fund.

28. Projects must deliver both long-term CO<sub>2</sub> savings and revenue benefits and will be prioritised on the basis of their capital cost per tonne of CO<sub>2</sub> saved on a lifetime basis (termed as £/tCO<sub>2</sub>LT). HEIs will be able to use this ring-fenced fund to

implement projects which comply with either of the following criteria:

- Maximum five-year payback period for projects with a lifetime capital cost saving per tonne of £100 or less<sup>11</sup>.
- Maximum seven and a half year payback period for projects with a lifetime capital cost saving per tonne of £50 or less.

29. For major construction projects we expect HEIs to comply with best practice in any case and so this ring-fenced fund will only be available to use on innovative or new approaches that are at the forefront of, or exceed, good practice.

30. HEIs will be required to contribute a minimum 25 per cent of their institutional fund value but will be encouraged to exceed this and those that do so will be preferred in the selection process.

Institutions will be able to apply a sum equal to their own contribution to projects which fall outside Salix's scope, such as programmes to change behaviour and manage waste.

31. The benefits of this approach are:

- energy efficiency initiatives that do not meet the Salix criteria but are part of an coherent carbon management strategy, such as those to change occupant behaviour in order to save energy through good housekeeping, and to manage waste, may be fundable
- separate small scale energy efficiency projects can be financed and implemented without an HEI needing to submit multiple applications.

32. It will be important to avoid putting the early starters at a disadvantage. For example those HEIs that are already working with Salix could be provided with additional funding from HEFCE to top up their current ring-fenced funding from Salix. One method of doing this would be to provide each existing participant with additional funds equal to the average HEFCE contribution in year one.

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<sup>11</sup> To evaluate the lifetime cost of carbon saved, a multiple – known as the persistence factor which changes for different technology types – is used. The persistence factor multiplied by the annual CO<sub>2</sub> savings gives the lifetime CO<sub>2</sub> savings. Dividing the project capital cost by this figure gives the lifetime cost of carbon saved. Further information on persistence factors is available at [www.salixfinance.co.uk](http://www.salixfinance.co.uk) under FAQs.

$$\text{£/tCO}_2\text{LT} = \frac{\text{Project capital cost}}{\text{Annual CO}_2 \text{ savings} * \text{Persistence factors}}$$

## Transformational fund

33. The transformational fund will be a central fund for HEIs to tackle larger projects which will transform an HEI's approach to managing its energy consumption and reducing its emissions. The transformational fund might consider applications in the region of £1-4 million per institution where those institutions will lead the way and act as beacons of good practice. Institutions may apply for one or more projects which aim to bring about transformational change, which may include

adoption of technologies which are new in the UK or the higher education sector.

34. HEIs will have to contribute a minimum 25 per cent of the project cost but will be encouraged to exceed this; those who do so will be preferred in the selection process. HEIs will also need to demonstrate commitment to reducing carbon dioxide emissions. The financial savings from these projects will be paid directly back into the central fund according to an agreed repayment profile, thereby becoming available for other institutions.

Table 1 **Summary of the two strands of the revolving green fund**

	<b>Institutional small projects fund</b>	<b>Transformational fund</b>
Outline	Interest free loans for HEIs to set up internal ring-fenced revolving green fund	Central fund to provide interest free loans for HEIs to implement larger projects
Value of each application	Total funding from HEFCE and Salix of approximately £100,000 – £1 million	In the region of £1– 4 million
Application process	Annual cycle of applications through completion of application form	Annual cycle of applications through completion of application form
Assessment	Salix	Advisory group
Management	Managed by Salix on behalf of the funders' HEFCE and Salix	Managed by Salix on behalf of the funder HEFCE
Repayment to the funders	When HEIs do not have further eligible projects to invest in (as defined in paragraph 42)	According to an agreed repayment profile arranged on an individual project basis that reflects the expected profile of benefits
Accountability	Ongoing monitoring and reporting of individual projects. A web-based tool will be made available for this.  Monitor greenhouse gas emission and cost savings and report annually for at least five years. A selection of projects will be subject to audit.	Periodic progress reports and notification when work is complete.  Monitor greenhouse gas emission and cost savings and report annually for at least five years. A selection of projects will be subject to audit.

### Consultation question 1

Do you agree with the proposed aims of the revolving green fund set out in paragraph 25? Do you agree that this scheme will meet the aims of the revolving green fund?

### Consultation question 2

We invite views on the likely uptake for this fund. Would you currently consider applying to the institutional small projects or transformational funds? Do you have transformational projects that require funding? If so, please describe briefly. For existing Salix clients only, do you have views on how we could avoid putting you at a disadvantage?

- commitment from the institution. (This could be through financial contribution, and/or alternative contributions in kind such as dedicated energy management resource. We would also expect to see a commitment to sustainable development through, for example, this being embedded in the strategic plan, publicly available corporate social responsibility policy or equivalent.)

### Consultation question 3

Do you agree with the proposed assessment criteria set out in paragraphs 35 and 36? Are there other criteria we should consider? Are some aspects more important than others and, if so, how should we prioritise them?

### Consultation question 4

Do you feel that institutions should be required to make a financial contribution? If so, is 25 per cent an appropriate minimum proportion? If not what percentage should this be? If you feel that institutions should not be required to make a financial contribution how could they demonstrate their commitment?

## Assessment criteria

### Institutional small projects fund

35. Applications to the institutional small projects fund will be assessed using Salix's current assessment process. The assessment process will consider:

- the number of 'ready to go' projects at the time of the application
- the presence of energy management expertise and capability to manage the fund
- the level of financial contribution from the institution.

### Transformational fund

36. For the transformational fund we propose the following assessment criteria:

- level of predicted greenhouse gas savings
- level of cost savings, payback period and lifetime cost of carbon
- plans for building and disseminating good practice
- innovation

## Funding method

37. We wish to administer the fund in a transparent way which also minimises any additional accountability burden. HEIs will be able to apply on an annual cycle. The first call for applications will be made in May 2008 with a deadline of mid-July 2008.

### Institutional small projects fund

38. We expect applications for the institutional small projects fund to be made using the current Salix process and consist of:

- information on energy consumption and expenditure

- CO<sub>2</sub> reduction targets and achievements
- energy surveys and project identification, including up to 10 potential projects
- details of energy management responsibility and expertise to manage the fund and implement projects
- information on proposed fund structure including how the funds would be drawn down over a period of up to two years.

### Transformational fund

39. We expect applications for the transformational fund to consist of:

- a summary of the project(s)
- outline of the implementation plan
- information on funding being sought, proposed carbon and cost savings and repayment profile
- evidence of institutional commitment
- identification of good practice and innovation
- information on energy consumption and expenditure
- outcomes and benefits.

40. This information would allow us to assess the possible impact of the project and the likelihood of effective dissemination. We would provide feedback on rejected proposals. We will manage the fund over the three-year period to ensure that funding remains available for strong applications received in later years.

41. We would be happy to receive applications from a collaboration of English institutions. This could include regional collaboration or several smaller institutions pooling expertise and capacity to manage carbon emissions.

#### Consultation question 5

Is the application process described in paragraphs 37-41 the most appropriate for applications to the revolving green fund? Is the information we propose to request adequate to inform our decisions? What else should we ask for, bearing in mind the need to address the hidden but real costs of applying?

### Repayment

42. With the institutional small projects fund, HEIs will ultimately have to repay the loan, at the point when 60 per cent of the cash balance held in the fund is not being re-invested in eligible carbon reduction projects each year. Loans for transformational change will be repaid according to an agreed repayment profile arranged on an individual project basis that reflects the expected profile of benefits.

### Advisory group

43. The revolving green fund will be overseen by an advisory group that provides strategic direction. The same group will assess applications to the transformational strand and make recommendations for funding. This group will include representatives from HEIs, HEFCE, Salix and technical experts. Applications for the institutional small projects ring-fenced fund will be assessed by Salix using its current assessment process.

44. The split of the fund between the two strands is expected to be 65 per cent for the institutional small projects funds and 35 per cent for the transformational fund. This may be varied at the discretion of the advisory group according to the volume of applications.

### Accountability arrangements

45. Accountability demands will not be heavy. Each initial application to the institutional small projects fund will need to provide details of:

- proposed initial project details, cost (including any grants), CO<sub>2</sub> savings and payback, repayment structure and other details as applicable
- projected receipts
- project flow and general level of interest
- details of administrative costs incurred by the fund and the extent to which these would be recovered from the loan repayments.

46. This information is necessary to assess the amount of financial assistance required and to ascertain that funds will be used for appropriate projects. A web-accessed project management and

reporting tool – the Salix Energy Reporting System (SERS) – will be made available to all participants for ongoing monitoring and reporting.

47. For loans from the transformational fund we would expect HEIs to give us periodic progress reports and to tell us when the work is complete.

48. To supplement this information HEIs will need to monitor greenhouse gas emission and cost savings and report these to us annually for at least five years, for projects under both funds. A sample of projects will be subject to audit.

#### **Consultation question 6**

Are the monitoring and accountability arrangements described in paragraph 45-48 proportionate and reasonable?

### **Disseminating good practice**

49. It will be important that learning from projects is captured and disseminated for the benefit of the sector. We will seek to disseminate this best practice as projects develop and expect applications to the transformational fund to include plans for capturing and disseminating good practice.

50. There are other initiatives which support the building and dissemination of good practice in carbon management and these are outlined in Annex B. It is envisaged that the revolving green fund will build on and complement projects being funded through these initiatives.

### **Evaluation**

51. We intend to evaluate the scheme when it has been up-and-running for two years.

### **Response to consultation and next steps**

52. The response form for this consultation is at Annex A. It should be downloaded from the HEFCE web-site, filled in and e-mailed to Joanna Simpson at [sustainabledevelopment@hefce.ac.uk](mailto:sustainabledevelopment@hefce.ac.uk) by **21 April 2008**.

53. The outcomes of this consultation will be presented to the HEFCE Board. We expect to publish an invitation to apply for funds in May 2008.

# Annex A: Response form

## Consultation response form for the revolving green fund

1. Respondents should complete the electronic version of this form, which can be downloaded from the HEFCE web-site ([www.hefce.ac.uk](http://www.hefce.ac.uk)) with this document under Publications.
2. Responses should be e-mailed to [sustainabledevelopment@hefce.ac.uk](mailto:sustainabledevelopment@hefce.ac.uk) **by 21 April 2008**.
3. We will publish an analysis of responses to the consultation. Additionally, all responses may be disclosed on request, under the terms of the Freedom of Information Act. The Act gives a public right of access to any information held by a public authority, in this case HEFCE. This includes information provided in response to a consultation. We have a responsibility to decide whether any responses, including information about your identity, should be made public or treated as confidential. We can refuse to disclose information only in exceptional circumstances. This means responses to this consultation are unlikely to be treated as confidential except in very particular circumstances. Further information about the Act is available at [www.informationcommissioner.gov.uk](http://www.informationcommissioner.gov.uk).

### Respondent's details

- Are you responding:**
- On behalf of an organisation
  - As an individual
- (Delete one)

**Name of responding organisation/individual** .....

**Contact name** .....

**Position within organisation (if applicable)** .....

**Contact telephone number** .....

**Contact e-mail address** .....

### Consultation questions

(Boxes for responses can be expanded to the desired length.)

**Consultation question 1:** Do you agree with the proposed aims of the revolving green fund set out in paragraph 25? Do you agree that this scheme will meet the aims of the revolving green fund?

**Consultation question 2:** We invite views on the likely uptake for this fund. Would you currently consider applying to the institutional small projects or transformational funds? Do you have transformational projects that require funding? If so, please describe briefly. For existing Salix clients only, do you have views on how we could avoid putting you at a disadvantage?

**Consultation question 3:** Do you agree with the proposed assessment criteria set out in paragraphs 35 and 36? Are there other criteria we should consider? Are some aspects more important than others and, if so, how should we prioritise them?

**Consultation question 4:** Do you feel that institutions should be required to make a financial contribution? If so, is 25 per cent an appropriate minimum proportion? If not what percentage should this be? If you feel that institutions should not be required to make a financial contribution how could they demonstrate their commitment?

**Consultation question 5:** Is the application process described in paragraphs 37-41 the most appropriate for applications to the revolving green fund? Is the information we propose to request adequate to inform our decisions? What else should we ask for, bearing in mind the need to address the hidden but real costs of applying?

**Consultation question 6:** Are the monitoring and accountability arrangements described in paragraphs 45-48 proportionate and reasonable?

# Annex B

## Other initiatives to support reduction in greenhouse gases

### Carbon Trust's Higher Education Carbon Management Programme

The Higher Education Carbon Management Programme is a carbon management product tailored to the needs of the higher education sector. The primary focus of the work is to reduce emissions under the control of universities, such as buildings and vehicle fleets. The programme gives practical support in areas such as identifying carbon saving opportunities, developing an emissions reduction implementation plan, providing analysis software, workshop support for staff and senior management training.

Participating universities benefit from consultant support in the form of workshops and dedicated support. The programme uses a five-step process which guides participants through a systematic analysis of their carbon footprint, the value at stake and the opportunities available to help them manage carbon emissions in a strategic manner.

The programme is now in phase 3 and to date has assisted over 50 UK institutions to reduce their carbon emissions. Further information is available at [www.carbontrust.co.uk/carbon/he/](http://www.carbontrust.co.uk/carbon/he/).

### Leadership, Governance and Management (LGM) Fund

HEFCE is investing in improving leadership, governance and management in the higher education sector through its Leadership, Governance and Management Fund (LGM Fund). The fund supports projects that deliver clear outcomes and a positive impact on current practice, value for money, sustainability and effective dissemination. A total of £10 million over three years was available from August 2004 to fund a wide range of projects, and a further £10 million over three years was made available from August 2007. Further details are available on the HEFCE web-site under Leadership, governance & management/LGM Fund.

An example of a sustainable development project funded through the LGM Fund is the Higher Education Environmental Performance Improvement Project<sup>12</sup>. This project aims to stimulate strategic change and operational improvements by working with estates and other departments with energy and environmental responsibilities. It is helping the higher education sector to improve building design, minimise energy and water consumption and waste generation, and reduce transport impacts. It rewards good practice through the Green Gown Awards, runs courses and events, collates benchmarking data, and publishes case studies, guidance documents and on-line materials.

### Strategic Development Fund

Our Strategic Development Fund (SDF) supports change and innovation in the sector. The purpose of the SDF is to help us achieve our strategic aims and objectives, including the aim to sustain a high-quality higher education sector. Its overarching priority is to facilitate constructive development and change in the HE sector at a strategic level. Further information is available at [www.hefce.ac.uk](http://www.hefce.ac.uk) under Finance & assurance/Finance & funding/Strategic Development Fund.

An example of a sustainable development project funded through the SDF is the Sustainable Energy Centre at London South Bank University (LSBU). This will provide a high quality teaching resource in sustainable energy technology and building design, construction and management. It will also offer facilities to test and demonstrate specific sustainable energy technologies. The project brings together LSBU, City and Kingston Universities who will share this resource and develop common modules at the centre.

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<sup>12</sup> [www.heepi.org.uk](http://www.heepi.org.uk)

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