

ANGUS COUNCIL

COMMUNITIES COMMITTEE – 26 SEPTEMBER 2017

CARBON REDUCTION FUND ANNUAL REPORT 2016/17

1. INTRODUCTION

This report presents the 2016/17 end of year status of the Carbon Reduction Fund (CRF). The available unallocated balance of the CRF on 31 March 2017 was £442,604 and projects completed in 2016/17 were forecast to result in a saving of £24,481 pa.

2. BACKGROUND

- 2.1 The Resources and Central Services Committee noted the contents of Report No 1008/04, ENERGY EFFICIENCY INITIATIVE FUNDING and approved the Council's participation in the Scottish Executive's energy efficiency initiative and by doing so the Council received £320,900 in funding. The funding can only be used on approved projects that meet the required payback criteria thus allowing the fund to operate on a revolving basis and ensuring funding will be available to invest in future energy efficiency measures. This funding package is referred to as the Central Energy Efficiency Fund. (CEEF)
- 2.2 It was agreed at the Carbon Reduction Member/Officer Working Group (1 May 2015) to transfer the remaining monies in Central Energy Efficiency Fund (CEEF) and the Centralised Water Efficiency Fund (CWEF) into the Carbon Reduction Fund (CRF) when CEEF expired on the 31 March 2016. The CRF operates on a revolving basis similar to CEEF & CWEF and the transfer of the funds will create a single funding source. This will ensure conservation works continue to deliver carbon reductions and enable the Council to meet its local and national obligations
- 2.3 On the 31 March 2017 The Council signed up to Salix Finance for conditional grant funding to establish and operate a local energy saving fund. This gives the Council access to a loan fund of £200,000 in 2017/18 and two further instalments of £200,000 over the next two financial years. The fund operates on a strict matched funding basis and there are stringent criteria regarding the operation of the fund. The intention was to utilise the CRF to provide the 50% matched funding which would allow the Council to carry out much larger carbon reduction projects. For 2017/18 the CRF and SALIX will be combined and renamed as the "Salix Recycling Fund".

3. CARBON REDUCTION FUND (CRF)

CRF had an opening balance of £206,888 and received £92,019 of repayments from projects completed in preceding year. In addition there was income of £5,426 from the operation of the Combined Heat and Power (CHP) plant at Arbroath Sports Centre and from the Solar Photo Voltaic (PV) installations Feed in Tariff (FiT) income. Payments totalling £94,089 were made in 2016/17. A closing balance of £211,587 is carried forward to 2017/18, along with £99,017 transfer to CRF, £50,000 Carry Forward and £82,000 Budget Provision. The final balance of the CRF is £442,604.

| | | |
|---|---------|-----------------------|
| Opening Balance on Fund | £ | £ |
| | 206,888 | |
| <u>Add</u> | | |
| CHP income | 129 | |
| PV income | 5,297 | |
| CEEF repayments | 92,019 | |
| Interest on revenue balances | 1,343 | 98,788 |
| <u>Less</u> | | |
| Payments made to 31 March 2017 | | (94,089) |
| Closing ledger balance on Fund at 31 March 2017 | | 211,587 |
| Transfer of spend to CRF | | 99,017 |
| Carry Forward to 2017/18 | | 50,000 |
| Budget Provision 2017/18 | | 82,000 |
| Available balance of Fund at 31 March 2017 | | <u>442,604</u> |

4. FINANCIAL IMPLICATIONS

- 4.1 A request to carry forward £121,000 from 2016/17 was not fully supported however a provision of £50,000 was allowed to be carried forward into 2017/18 this has resulted in a reduction of £71,000 from the Carbon Reduction Fund.
- 4.2 With the introduction of the Salix funding and the need to match fund Salix projects it is important that the revolving fund is maintained to ensure carbon reduction projects can be funded in future years.

REPORT AUTHOR - Ian Cochrane, Head of Technical and Property Services
E-mail: CommunitiesBusinessSupport@angus.gov.uk