

Sustainability Revolving Fund Guidelines

INTRODUCTION

The Sustainability Revolving Fund (or ‘the Fund’) finances organisational projects and initiatives that foster sustainability across the quadruple bottom line, the trialling of innovative and new technologies, and to support the achievement of Council’s Operational Emissions Reduction Plan (OERP) actions and climate and sustainability targets as defined in the Climate and Sustainability Policy.

The Fund is a forward funding financial reserve. The balance of the reserve is maintained through cash inflows from the payback of cost savings realised through sustainability initiatives along with income from certificates generated from sponsored projects to provide financial support for future sustainability and emissions reduction initiatives. Resource savings include savings in energy, electricity, water, natural gas, fuel, emissions or any other natural resource.

These Guidelines provide a framework for the administration of the Fund, its purpose, and how it is to be managed. These Guidelines only apply to applications made for Council assets, operations and businesses.

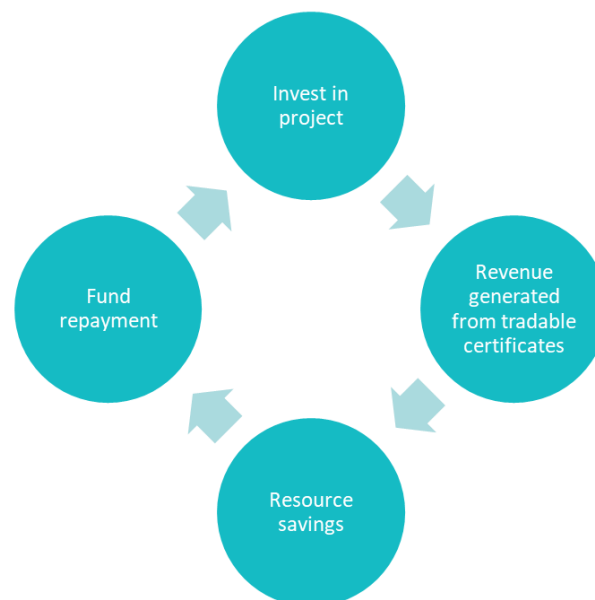


Figure 1 - Sustainability Revolving Fund Model

MANAGEMENT OF THE FUND

The Sustainability Revolving Fund is to be managed by the Sustainability Revolving Fund Working Group under delegation from ELT. Details on the Working Group is contained at attachment 3. The Working Group comprises key staff from Financial Services, Environment, Waste, and Asset management and planning. As manager of the Fund, the Working Group is responsible for overseeing:

- the allocation of Fund monies according to the criteria for funding;
- securing the re-investment of monies into the Fund;
- the annual review of the Fund's financial status; and
- the provision of an annual report to the ELT outlining details of the projects implemented, the savings realised, and current balance.

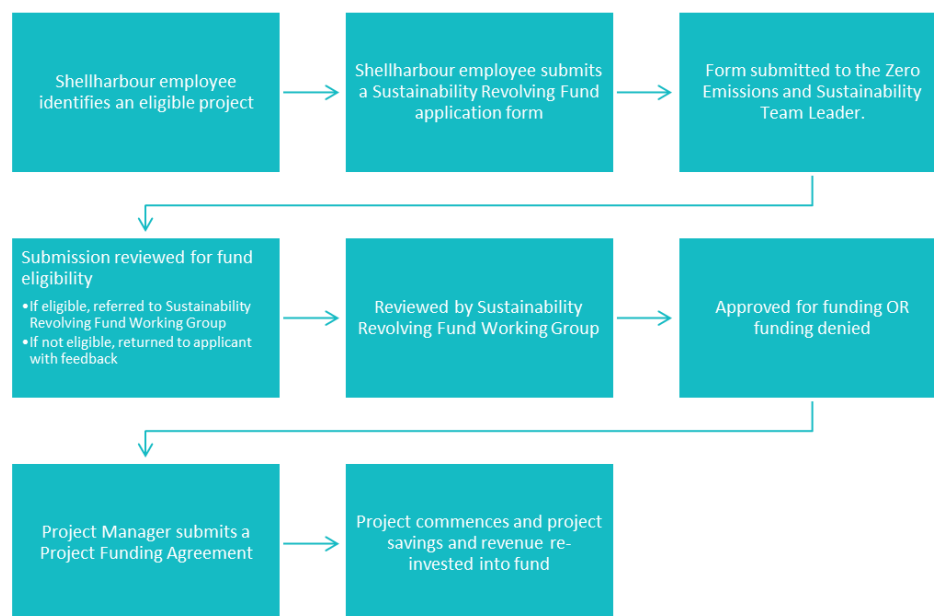


Figure 2 - Sustainability Revolving Fund Process

CRITERIA FOR FUNDING

The funding criteria outlined below have been developed in order to ensure that a strategic approach is taken to the application of Fund monies. These criteria will be used in the assessment of applications to the Fund.

Applications to the Fund must be able to demonstrate ability to meet the following criteria:

1. Demonstrated monetary savings and/or generation of revenue (e.g. via certificates generated); and
2. Contribution to the OERP and/or Climate and Sustainability Policy targets and actions.

Projects seeking to receive monies from the Fund should address as many of the following criteria as possible. These criteria are not mandatory, but Fund applications which achieve a larger number of the below criteria will be preferred:

1. A reduction in resource use (water, energy, fuel, materials)
2. Business improvements / efficiency gains
3. A reduction in greenhouse gas emissions
4. Improved environmental outcomes
5. Improved social and cultural outcomes
6. Use of innovative and new technologies and approaches

ALLOCATION OF FUNDS

When making decisions regarding the allocation of Fund monies, the Working Group will consider, among other things:

- the extent that the project meets the Fund's criteria;
- the resourcing requirements of the project and the benefits (including non-financial) that will be achieved;
- the level of cost savings, revenue generation and payback periods;
- risks associated with project delivery and payback period;
- whether the project will be subsidised through other funding sources (e.g. through departmental budgets or grant contributions);
- the Fund's financial capacity and priorities (note -where projects are expected to deliver sustainability outcomes without financial returns, funding is limited to 10% of the Fund's opening balance); and
- maintenance and asset renewal implications.

The Fund may also be used to forward fund the development of feasibility studies or business cases for future projects.

CONDITIONS FOR FUNDING

To access monies from the Fund, applications must be made using the Sustainability Revolving Fund Application Form. Completed forms are to be submitted by ECM and tasked to the Environment Team.

All applications must provide sufficiently detailed information to allow informed decisions to maximise the benefits of the Fund. Recipients of funding are also required to report on the progress of their projects to the Working Group for the first financial year following implementation.

PROJECT APPLICATIONS

All applications must be made using the Sustainability Revolving Fund Application Form (Attachment 1) available on the intranet and must include:

1. a project summary;
2. an outline of the project objectives;
3. an outline of the project costs and funding sources;
4. a project plan outlining key activities and milestones;
5. detailed calculations of potential savings and payback periods;
6. detailed calculations of any revenue generation (e.g. via trading of certificates);
7. other project benefits (non-monetary);
8. identification of the budget that savings are to be drawn from; and
9. sign off from the relevant managers.

Applicants may request support with obtaining access to baseline energy and emissions data from the Zero Emissions and Sustainability team.

All estimated costs contained in any Project Application Form should be based on actual market rates (when available) completed by appropriately qualified staff and/or result from quotations from suppliers/contractors.

Application forms may be submitted at any time.

PROJECT ELIGIBILITY

Subject to the identified criteria, the types of projects that may be looked on favourably include projects that seek to address:

- actions detailed within the OERP
- contribute to the achievement of targets within the Climate and Sustainability Policy
- priorities identified through Council's Community Strategic Plan and Delivery Program
- priorities identified in other key planning documents
- improvements to environmental outcomes of Council and the City
- improvements to organisational performance and efficiency
- enhancements to capital works projects

The types of projects that will NOT be considered for funding include:

- projects that seek retrospective funding for programs that have already started, or have been completed
- projects that are inconsistent with Council policy objectives
- projects that do not meet legislative requirements or other statutory approvals and permits.

FUNDING LIMITS

While there is no predetermined limit regarding the extent of financial support available for individual projects, the amount of funding available will depend upon:

- the actual balance of the Fund at the time of funding application including future commitments already made from the Fund
- the balance of funds scheduled to be reinvested into the Fund, and the merits of the project.
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Further, due to the nature of the Fund, projects that are not expected to deliver any financial returns will be limited to funding of 10% of the Funds opening balance. To be eligible for funding, projects that do not provide financial returns must demonstrate that the project goes beyond what could be considered part of the normal delivery of a service or project. Projects that demonstrate innovation will be favourably considered.

PROJECT FUNDING AGREEMENT

If the application is successful, the Project Manager will be required to submit a Project Funding Agreement (Attachment 2).

WITHDRAWAL OF FUNDING

Funding may be withdrawn if a project has not commenced one year after the offer of the funding has been made.

RETURN OF EXCESS FUNDING

Any unspent monies from project allocations are to be returned to the Fund.

PROJECT IMPLEMENTATION

Projects must be implemented according to the project application and funding agreement. Any major deviation from the agreed project scope must first be approved by the Fund Working Group. A major deviation is defined as any change to the project including project location, project scope, expected funding amount, and expected revenue generation.

Any procurement of goods and/or services required for project implementation must follow the Procurement Guidelines.

MONITORING AND REPORTING

MONITORING AND REPORTING REQUIREMENTS FOR FUND RECIPIENTS

Recipients of Fund monies are required to submit an annual status report to the Fund Working Group one year after funding of project. This should include:

- details of the activities / tasks undertaken as a result of funding
- a brief outline of how the project has been successful in achieving the objectives
- details of the project outcomes realised to date (including environmental, operational and financial).

MONITORING AND REPORTING REQUIREMENTS FOR FUND WORKING GROUP

The Fund Working Group will prepare a status report at the end of each financial year to present ELT containing the details of the projects implemented, the savings realised, and current balance.

Financial Services staff will report externally on the movements and balance of the Fund from an actuals and budget perspective as part of each quarterly review of the annual Operational Plan. The same will be provided as part of the Annual Financial Reports as at 30 June each financial year.

REINVESTMENT TO THE FUND

Savings resulting from initiatives funded by the Fund are to be reconciled by Financial Services, and reinvested into the Fund to provide funding for future sustainability initiatives.

Reinvestment to the Fund will occur with the initial repayment of funding at a rate of 100 percent of the realised savings until the initial funding provided by the Fund has been repaid. Upon full repayment, those savings (100 per cent of the realised savings and income) will continue to be reinvested for a period of three years, to fund further sustainability initiatives. Following the reinvestment to the Fund, the ongoing savings will be returned to General Revenue unless otherwise negotiated with Financial Services.

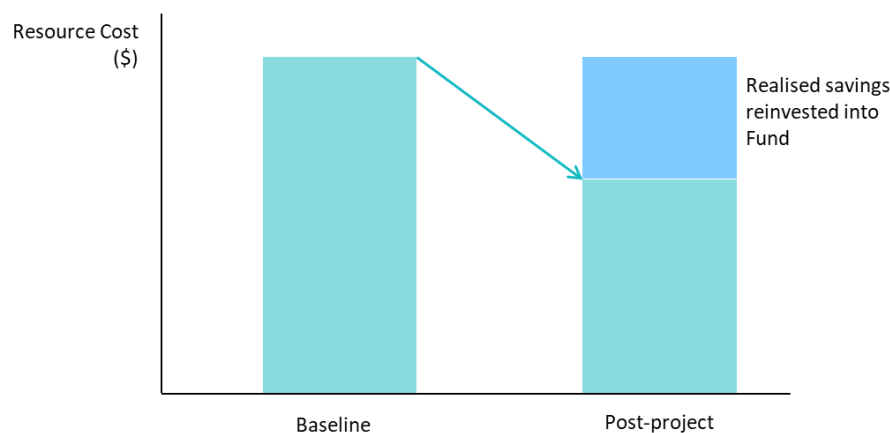


Figure 3 - Realised savings (\$)

All savings identified are required to have been quantified as part of the business case submitted as part of the application to the Fund. Savings are measured as the difference between the baseline resource cost (e.g. electricity, water, natural gas etc.) prior to the project being implemented, and the resource cost post-project.

The Business Case must have been reviewed by Financial Services, prior to the application to the Fund, and must identify the Executive Manager budgets where the savings will be made. Applicants should be aware that upon approval departmental budgets will be adjusted accordingly, with these adjustments being made at the beginning of each financial year and reconciled by Financial Services quarterly and at the end of each year.

REVIEW OF THIS DOCUMENT

Document will be reviewed every two years from publish. The next review is due in 2025.

DOCUMENT VERSION HISTORY

Version	Date	Comment
Version 1	September 2023	Draft Procedure
Version 1	26 September 2023	Endorsed by ELT
Version 1	28 November 2023	Endorsed by Council