

# SUSTAINABILITY REVOLVING FUND GUIDELINES 2018

## INTRODUCTION

The Sustainability Revolving Fund was established in 2003 as a complementary source of funding to support organisational projects and initiatives that foster sustainability across the quadruple bottom line, and the trialling and testing of innovative and new technologies.

The Revolving Fund is a forward funding financial reserve. The balance of the reserve is maintained through payback of cost savings generated from sponsored projects to provide financial support for future sustainability initiatives.

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 by Council services. Applications to the Fund by controlled entities will be considered on a case by case basis and in consultation with the Corporate Leadership Team.

## MANAGEMENT OF THE FUND

The Sustainability Revolving Fund is to be managed by the Sustainability Revolving Fund Working Group under delegation from CLT. The Working Group comprises key staff from Financial Services, Sustainability, City Assets, Engineering Services, and Design and Projects. As manager of the Fund, the Working Group is responsible for overseeing;

- the allocation of Fund monies;
- 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 Corporate Leadership Team outlining details of the projects implemented, the savings realised, and current balance.

## 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.

Projects seeking to receive monies from the Fund should address as many of the following criteria as possible.

1. Demonstrated monetary savings
2. A reduction in resource use (water, energy, fuel, materials)
3. Business improvements / efficiency gains
4. A reduction in greenhouse gas emissions
5. Improved environmental outcomes
6. Improved social and cultural outcomes
7. 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 that will be achieved;
- the level of cost savings and payback periods;
- whether the project will be subsidised through other funding sources (eg through departmental budgets or grant contributions); and
- 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).
- 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 official application form and provided in either hard copy or electronically to the Sustainability Coordinator. 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 official application form 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. other project benefits (non-monetary);
7. identification of the budget that savings are to be drawn from; and
8. sign off from the relevant managers.

## PROJECT ELIGIBILITY

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

- 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
- the balance of funds scheduled to be reinvested into the Fund, and
- the merits of the project, and opportunities to seek an internal loan

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.

### **MONITORING AND REPORTING REQUIREMENTS**

Recipients of Fund monies will be subject to an annual status report to the Revolving Fund Working Group one year after delivery of the 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).

### **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.

## **REINVESTMENT TO THE FUND**

Savings resulting from initiatives funded by the Fund are to be reconciled by the Financial Services Department, 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 of the loan, those savings (100 per cent of the realised

savings) will continue to be reinvested for a minimum 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.

All savings identified are required to have been quantified as part of the business case submitted as part of the application to the Fund. The Business Case must have been reviewed by Financial Services, prior to the application to the Fund, and must identify the departmental 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 at the end of each year.