

The Highland Council
Resources Committee – 25th November 2015

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| Agenda Item | 28(b) |
| Report No | RES 120/15 |

Carbon CLEVER Capital Allowance

Report by Head of Policy and Reform

Summary

This paper updates Members on projects funded from the Carbon CLEVER capital budget allowance to date and outlines projects for Members to consider for funding from the remaining budget for 2015/16.

1. Background

1.1 The Council has a £1 million capital budget allocation for Carbon CLEVER projects for 2015/16. Suitable projects reduce carbon emissions, attract match funding, and generate revenue savings. This paper provides an update on projects which have already been funded for 2015/16, including the Carbon CLEVER Community grant fund. The paper also gives details of projects that are proposed for funding. Projects that were funded in the previous financial year are outlined at Appendix 1.

2. Capital projects update

2.1 Of the £1million capital budget available for 2015/16, £200,000 has been allocated on the Carbon CLEVER community grant fund, £25,000 on LED street lighting projects, and £262,500 on heating upgrades. £512,500 is unallocated.

2.2 Carbon CLEVER Community Grant Fund

The Carbon CLEVER Community Grant Fund was established in August 2014 to help Highland communities reduce their greenhouse gas emissions, take leadership on carbon reduction, engage with others, raise awareness of climate change issues and promote low carbon behaviours. The £200,000 capital fund has assisted communities in implementing climate change projects which are relevant and important to them, across the region. The fund directly supports the Council's programme commitment, *Helping Communities Reduce their Energy Use and Costs*.

2.3 Each Council Area Committee was provided with a portion of the total fund to allocate, which has helped to further localise its reach. To date, a wide variety of projects have been awarded funding, including:

- Push-bike and electric bike hire schemes;
- A wet-heat distribution system for a leisure centre;
- A cycle path connecting communities;
- A wood drying shed to improve quality of logs for the local community;
- A community growing project; and
- Energy efficiency improvements in local museums and halls.

2.4 A total of 16 projects have either had funding approved or are currently under consideration. This equates to over £135,000 allocated from the grant fund, with

match funding in place of over £125,000, Appendix 2. In areas where funding is still available, further funding rounds are being advertised on the Council's website and through social media.

3. Carbon CLEVER Community Grant Fund - Application

- 3.1 An application to the Nairn, Badenoch & Strathspey portion of the fund was submitted during the last funding round by Lovat Lodge Hotel Ltd. The application did not provide sufficient information relevant to the fund's key criteria, and it was therefore not possible for officers to accurately assess the merits of their project or recommend funding.
- 3.2 Lovat Lodge Hotel Ltd have resubmitted their application and included the required information to form a competent application. A summary of the application and assessment is detailed at Appendix 3, along with the fund criteria and scoring matrix. The work detailed in the application is scheduled to take place in late November / early December, and Members are therefore asked to consider and agree the application at Resources Committee given the changes in local area decision making arrangements. Through Ward Business meetings, local Members have indicated their support for the project. Based on an assessment of the application by officers from the Council's Climate Change team, the award recommended is:

| Ref. | Applicant | Total Project Cost (£) | Match Funding (£) | Amount Applied For (£) | Recommended Award (£) |
|--------------|-----------------------|------------------------|-------------------|------------------------|-----------------------|
| 11576 | Lovat Lodge Hotel Ltd | 26,898 | 20,898 | 6,000 | 6,000 |
| | Total | 26,898 | 20,898 | 6,000 | 6,000 |

4. Capital budget allowance, 2015/16 – Potential projects

- 4.1 Of the £1 million Carbon CLEVER capital budget allowance for 2015/16, £512,500 is yet to be allocated. Projects which could be funded from this budget are detailed in the following sections of this report.

5. Internal projects

5.1 Lighting upgrades – Council owned housing blocks

Within the Council's housing stock there are approximately 147 blocks of flats located across the Highlands. These blocks are mixed tenure, with private householders and Council tenants. Each block of flats has communal areas used for access and these are lit using fluorescent type lighting. The Council pays for the lighting in these communal areas, at a running cost of approximately £18,000 per year. A feasibility study conducted by Resource Efficient Scotland, suggests upgrading this lighting could reduce both energy consumption and required maintenance.

- 5.2 The costs, benefits, and payback periods of replacing all the lighting in the communal areas with LED alternatives is:

| Investment required | Cost saving* p.a. | Payback period (years) | CO ₂ saving p.a.(tonnes) |
|---------------------|-------------------|------------------------|-------------------------------------|
| £94,271 | £17,911 | 5.3 | 44.0 |

*Of which £9,819 is from reduced energy costs, and £8,092 is from reduced maintenance costs. This does not include any potential savings from a reduction in CRC tax (currently £16/ tonne CO₂).

- 5.3 It is recommended that an allocation from the Carbon CLEVER capital budget allowance could match a contribution by the Housing Revenue Account to a maximum to £50,000, subject to approval at Community Services committee.

5.4 Energy efficient industrial units

The Council is currently refurbishing three industrial units in Dingwall. The buildings require old asbestos roofs to removed and replaced. There is an opportunity to increase the specification of the replacement roofs to improve the energy efficiency of the units by adding insulation. The cost of the increased specification is an additional £24,715 (total project cost £63,155). This additional spend could be funded through the Carbon CLEVER capital budget allowance.

5.5 Service points – Telly Talk

The Council has a strategic objective to move towards more cost effective ways of delivering its services. In a potential pilot project developed by the Corporate Development Service, it is proposed that this could be achieved in the Council's Service Points through the use of high quality video conferencing to the Service Centre using the software "Telly Talk". This will promote greater choice for our customers and support self-service, enabling people across the Highlands to access services directly through the Service Centre in Alness.

- 5.6 Highland Council is the first Council in Scotland to accept digital evidence and Telly Talk will enable customers to scan and send documentation for validation rather than presenting it for copying. A key function of Telly Talk allows Customer Services Agents to validate identification which is required for some processes. For example, photographic identification can be corroborated with the individual presenting the documents via a video call. The technology will also allow customers and staff to have better conversations, ensuring that no information is missed and is preferable to a telephone call when there are complex requests or concepts that can be difficult to grasp. This will reduce repeat visits, improve customer satisfaction and has the potential to save people time and money through reduced travel.

- 5.7 The capital cost of the pilot project is £27,775. This could be funded from the Carbon CLEVER capital budget allowance. Funding for the annual service charges (ASC) has been identified from Corporate Development revenue budgets.

| Item | Qty | Cost | ASC |
|-------------------------------|------------|-------------|------------|
| Server Costs for Tellytalk | 1 | £3,000 | £600 |
| Licencing for Tellytalk | 1 | £11,000 | £3,000 |
| Service Point PC's | 6 | £6,000 | £1000 |
| Service Centre dedicated PC's | 2 | £1,100 | £200 |
| Scanners | 8 | £150 | - |
| Fujitsu Costs (Days) | 5 | £4,000 | - |
| Contingency | | £2,525 | - |
| | | £27,775 | £4,800 |

6. Community projects

6.1 Real time bus stop displays

Seven solar powered real time bus stop displays have been installed in Badenoch and Strathspey. This project was led by HITRANS using funding secured through the Atlantic Area REPUTE project. At a meeting of the Resources committee, 26th November 2014, Members agreed to allocate £10,000 to this project, total funding £84,000, from the Carbon CLEVER capital budget allowance.

- 6.2 The installation of real time bus stop displays information to users on when bus services will arrive. This makes using buses an easier and more attractive transport option. Building on the work in Badenoch and Strathspey, HITRANS have developed a list of potential sites for rolling out real time bus stop displays. In addition, a request for displays in Wick and Thurso has been made by Caithness Chamber of Commerce. 25 potential sites have been identified by HITRANS across the Highlands: Wick Supermarket/ Norseman Hotel; Thurso Olrig Street (x2); Tain Lamington Street (southbound); Dornoch Square; Invergordon High St (x2); Alness High St (x2); Beauly Square (x2); Drumnadrochit Northbound; Ullapool; Golspie southbound; Brora southbound; Mallaig; Kyle; Kyleakin; Broadford (x2); Portree; Uig; Cairngorm ski centre; Nairn Tradespark stores eastbound; and Nairn Sainsburys Store A96 Westbound.
- 6.3 The total cost of installing real time displays at all these sites is estimated to be £110,000. HITRANS have agreed to match fund the installation of displays. £55,000 could be made available from the Carbon CLEVER capital budget allowance to enable the installation of these displays to proceed.
- 6.4 Inverness Airport (Dalcross) Railway station
The proposed Inverness Airport (Dalcross) railway station is located where the Aberdeen-Inverness railway passes within 900m of Inverness airport, and will serve the airport, Inverness Airport Business Park, and proposed new housing at Tornagrain. It will offer an alternative method of sustainable transport for those travelling to and from these sites from Inverness, Nairn, and Moray. The car park at the railway station will be operated by Highlands and Islands Airports Limited (HIAL) and will be served by a bus link to the airport.
- 6.5 The project is included in the draft Action Programme for the Inner Moray Firth Local Development Plan: "...the construction of a new station at Dalcross by 2019". Enabling infrastructure for the new station is being brought forward as

part of the Inverness to Aberdeen rail improvements. The contract for these works, including signalling systems upgrade, was recently announced by the Transport Minister.

- 6.6 The station has been costed at £2–2.5million. This includes the platform, waiting facilities, car parking etc. A contribution is being sought from the Council by HITRANS of £100,000. This will assist HITRANS in putting together a funding package that will enable a bid to be submitted to the Scottish Stations Fund (SFS) which is operated by Network Rail on behalf of Transport Scotland. Up to 75% match funding will be sought by HITRANS through the SFS.
- 6.7 Match funding so far stands at £130,000 from HITRANS through development work, and an in-kind contribution by the Inverness Airport Business Park of land valued at £450,000. HIAL and Highlands and Islands Enterprise will also be contributing to the project. It is recommended that £100,000 is allocated from the Carbon CLEVER capital budget allowance to form part of the funding package to leverage in funding from the SFS.
- 6.8 Funding towards enhanced rail infrastructure has previously been supported by Highland Council, such as Conon Bridge station which had more than 2,000 journeys in the first month after the completion of platform works.

7. Implications

- 7.1 Resource Implications: £1m has been allocated in the Council's capital programme for Carbon CLEVER projects for 2015/16. For 2015/16, £487,500 has been allocated on projects, with £512,500 yet to be allocated. The projects outlined in this report recommend a total of £257,490 is allocated from the Carbon CLEVER capital budget, leaving £255,010 unallocated for 2015/16.
- 7.2 The Carbon CLEVER capital budget allowance is financed by borrowing, therefore any approved projects will have recurring revenue costs associated with them, at approximately 10% of the value of the project. To ensure value for money projects need to have a good payback period, better than the cost of borrowing, or attract match funding/ inward investment to the region.
- 7.3 For the grant fund application, the recommendation is based on a thorough assessment of the organisation's capacity to deliver efficiently and effectively. The organisation is established and meets current monitoring requirements. The grant funding is managed and monitored using the Council's standard terms and conditions of grant. The recommendation will commit £6,000 from the Nairn, Badenoch & Strathspey portion of the community grant fund.
- 7.4 Legal Implications: The Council has a duty to assist Scotland achieve its national carbon emission reduction targets as set out by the Climate Change (Scotland) Act 2009. From 2015/16, the Council will mandatorily report to the Scottish Government on action taken to tackle climate change. This reporting will cover action taken within the Council's own estate, but also action taken by the Council to work with its partners and communities to tackle climate change.
- 7.5 For the grant fund application, accounting rules relating to spending of capital

grants to third parties will be implemented and specific conditions will be detailed in award notices.

- 7.6 **Equalities, Risk, and Gaelic Implications:** Projects will be considered on an individual basis for any equalities, risk, and Gaelic implications.
- 7.7 **Climate Change/Carbon Clever Implications:** The projects outlined in this report will reduce carbon emissions across the Highlands and the Council's own estate.
- 7.8 **Rural implications:** It is important the Carbon CLEVER capital budget is used for projects across the Highlands. Many of the projects listed in this paper will be conducted in parts of rural Highlands.

Recommendations

Members are asked to:

1. Consider and approve the following allocations from the Carbon CLEVER capital budget allowance, 2015/16:
 - I. £50,000 for lighting projects in Council owned housing blocks;
 - II. £24,715 to improve the energy efficiency of Council industrial units;
 - III. £27,775 for the Telly Talk pilot in Service Points;
 - IV. £55,000 for the installation of real time bus stop displays;
 - V. £100,000 for part of the funding package for developing Inverness Airport (Dalcross) railway station
2. Agree the funding recommendation from the Carbon CLEVER community grant fund:

| Ref. No. | Applicant | Recommended Award |
|-----------------|-----------------------|--------------------------|
| 11576 | Lovat Lodge Hotel Ltd | £6,000 |
3. Note, if all the recommendations are approved, £255,010 of the capital budget allowance for Carbon CLEVER for 2015/16 will remain uncommitted. If all pending applications for the Carbon CLEVER Community grant fund are approved by this committee and by Area committees, £62,203.62 will be uncommitted for 2015/16 at present.

Designation: Head of Policy and Reform

Date: 11th November 2015

Author: Stephen Carr, Principal Policy Officer – Climate Change.

Appendix 1: Carbon reduction capital projects – 2014/15

| | £ | Committee agreed at: |
|---|-------------------|-----------------------------|
| Millburn Road Cycling Scheme | 250,000 | (FHR 22/01/14) |
| Millburn Road LED Street Lighting Project | 50,000 | (P, D & I 14/05/14) |
| Dingwall Office Rationalisation Active Travel Upgrades | 25,000 | (HC 26/06/14) |
| UHI Low Carbon Institute | 250,000 | (HC 26/06/14) |
| Street Lighting LED | 225,000 | (HC 30/10/14) |
| Street Lighting LED - Additional | 175,000 | (HC 30/10/14) |
| Electric bus charging point at Inverness bus station | 15,000 | (Resources 26/11/14) |
| Solar powered real time displays for bus stops in Badenoch and Strathspey | 10,000 | (Resources 26/11/14) |
| | £1,000,000 | |

Appendix 2: Carbon CLEVER Community Grant Fund, 2015/16.

| Summary of Funding bid | Status | Funding request | Match Funding |
|--|---|------------------------|----------------------|
| Lochaber (£17,500) | | | |
| Knoydart Foundation | Bike hire scheme | Approved | £6,934.38 |
| Mallaig and District Swimming Pool | Improvements to pool and heating system | Approved | £3,800.00 |
| Isle of Eigg Community Association | Double glazing for community hall | Pending | £10,000.00 |
| Mallaig and District Swimming Pool | LED Lighting | Pending | £2,000.00 |
| | | £22,734.38 | £11,589.77 |
| Skye, Ross and Cromarty (£57,500) | | | |
| Lochalsh and Skye Swimming Pool Association Ltd | LED lighting and wet heat distribution system | Approved | £15,000.00 |
| Black Isle Bicycles | Electric bike commuting | Approved | £6,538.00 |
| Muir of Ord (Tarradale) Community Council | Shared use path | Approved | £25,000.00 |
| Sleat Community Trust | Split log project | Approved | £8,094.00 |
| Lochbroom Woodfuels | Woodfuels | Approved | £9,500.00 |
| | | £64,132.00 | £64,180.03 |
| Nairn, Badenoch, and Strathspey (£20,000) | | | |
| Grantown Museum and Heritage Trust | LED Lighting | Approved | £7,190.00 |
| Lovat Lodge Hotel Ltd | Replacement gas heating system | Pending | £6,000.00 |
| | | £13,190.00 | £20,898.00 |
| Caithness and Sutherland (£40,000) | | | |
| | | £0.00 | £0.00 |
| City of Inverness (£65,000) | | | |
| Fearnag Growers | Community growing | Approved | £8,850.00 |
| Ardersier War Memorial Hall Association | Energy efficiency | Approved | £6,790.00 |
| Abriachan Forest Trust | Resources for education | Approved | £1,750.00 |
| Inverness Tennis and Squash Club | Energy efficiency measures | Pending | £20,350.00 |
| Aultnaskiach Dell SCIO | Community woodland management | Pending | TBC |
| | | £37,740.00 | TBC |
| Total approved/ pending: £137,796.38 | Total match: £127,701.80 | | |

Appendix 3

CARBON CLEVER COMMUNITY GRANT FUND – ASSESSMENT CRITERIA

The Carbon CLEVER Community grant fund will be assessed on the six criterion below. A technical assessment comprising organisational governance, experience, track record and capacity to deliver the project, and other sources of funding will also be undertaken.

1. Assessment of Application

| CRITERION | WEIGHTING | MAX SCORE |
|---|-----------|-------------------|
| Criterion 1: Carbon Reduction – applications must lead to a reduction in carbon dioxide emissions in the community. | X 2 | 10 (2 x 5) |
| Assessment: The application must identify how the project will reduce CO ₂ in the community and measure this data. Level of specific targeting identified including how the project is going to target CO ₂ reduction in the community. A practical approach should be taken to ensure project proposals maximize carbon emission reduction. | | |
| Criterion 2: Leadership – applications must demonstrate leadership in maximising carbon emission reduction & encourage behaviour change in the community | X 1 | 5 (1 x 5) |
| Assessment: The application must demonstrate that the project will take a lead role in the community in respect of demonstrating excellent practice in carbon reduction. | | |
| Criterion 3: Engagement – applications must demonstrate community consultation in respect of the project, as well as efforts to engage with stakeholders | X 2 | 10 (2 x 5) |
| Assessment: Application should highlight how project will engage with local communities and assist in building community capacity – i.e. use of volunteers, developing project management skills etc. | | |
| Criterion 4: Value for Money – applications must demonstrate that the project offers good value for money | X 1 | 5 (1 x 5) |
| Assessment: Application should highlight how project will offer value for money whilst complementing (not reinventing) other local services and programmes which tackle climate change. | | |
| Criterion 5: Economic Benefit – applications must describe how the project will benefit the community, from an economic perspective | X 1 | 5 (1 x 5) |
| Assessment: Application should specify ways in which the project will result in economic benefits for the local economy including how this will be delivered. This might include income generation, increasing employment, drawing in private investment etc. | | |
| Criterion 6: Raise Awareness & Promote Behaviour Change – applications must provide details about the project's expected sustainable legacy and how it will promote behaviour change in the community. | X 1 | 5 (1 x 5) |
| Assessment: Application should demonstrate how the project will raise awareness of climate change and what measures will be put in place to promote low carbon behaviours in the community. | | |

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Scoring of Application

| | |
|--------------------------------|---|
| 0 – Unacceptable | No information provided or justification provided indicates that applicant does not meet key criteria |
| 1 – Poor justification | Limited attempt to provide key information |
| 2 – Lack of full justification | Modest attempt at providing key information with little justification on how key criteria will be met |
| 3 – Satisfactory justification | Reasonable effort at providing key information on all points and meeting criteria |
| 4 – Strong justification | Good response which covers all points requested and comprehensively provides information on how key criteria will be met |
| 5 – Very strong justification | Excellent response which provides all key information requested and gives substantial additional information which clearly meets criteria |

Maximum score is 40 points.

2. Technical Assessment (pass or fail)

The purpose is to make a judgement on the applicant organisation's governance, experience, track record and capacity to deliver the project. This will be assessed by Council Officers and will include the following:

- History of Organisation;
- Record of previous funding being spent appropriately;
- Track record of delivering similar projects within or outwith the Highland Council area;
- Capacity of Organisation to deliver the project;
- Application costs offer good value for money – i.e. are judged as reasonable costs;
- Alternative sources of funding, for example through Climate Challenge Fund or other grants; and
- Appropriate governance arrangements are in place, including sound financial management.

Carbon CLEVER Community Grant Fund (CCCGF) 2015-16

| | |
|--|---|
| Name of Applicant & App. Ref: Lovat Lodge Hotel Ltd, 11576 | |
| Application Finance 2015 – 16 Year Project Cost: £26,898 Amount Applied for: £6,000 | Application Finance 2015 – 18 (if applicable) 3 Year Project Cost: £NA Amount Applied for: £NA |
| Recommended Year 1: £6,000 | |
| <p>Project Summary: Replacement Gas Central Heating System We have suffered considerable problems with our existing heating system over the last few years with break downs leading to lack of heating and hot water. Our clients are predominately elderly people with disabilities who depend on having warmth for their comfort and good health.</p> <p>Our current heating system is operated over 2 boilers put in over 20years ago and are very inefficient and costly to run, as well as being unreliable. Over Christmas period 2014 the system broke down on 3 occasions and we had repair costs totalling £1,200 to make it operational again. It is our intention to replace both boilers with one reliable system that will cut down on our carbon emissions and reduce the charities ongoing heating bills.</p> | |

Measurable Outcomes:

| Year 1 Measurable Outcome | Year 2 Measurable Outcome | Year 3 Measurable Outcome |
|---|---|--|
| Reduced heating bills | On-going reduced energy bills | On-going reduced energy bills |
| Reliable system that keeps guest comfortable | Reliable system that keeps guest comfortable | Reliable system that keeps guest comfortable |
| Directors and staff sign up to an energy efficient/recycling policy statement | Policy implemented and promoted within our organisation | |
| Sign up to green tourism | | |

Criteria 1 Score 8 – (4 x 2)

Strong justification. Good response which clearly provided justification on why and how CO₂ reduction will be targeted. Good level of information provided on how the project will deliver CO₂ reduction.

Criteria 2 Score 3 – (3 x 1)

Satisfactory justification. Satisfactory demonstration by applicant that proposed project will address leadership aims. Satisfactory evidence that the project will potentially begin to move towards the outcome of leading on low carbon behaviour in the community. However, would have benefited from more comprehensive evidence.

Criteria 3 Score 6 – (3 x 2)

Satisfactory justification. Satisfactory demonstration by applicant that the project will actually address the needs identified. Satisfactory evidence provided that the provision will compliment and provide an additional service rather than duplicate existing activity. The

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application would have benefited from demonstrating stronger links to existing provision by community or public sector providers i.e. that they are not working in isolation.

Criteria 4 Score 5 – (5 x 1)

Very strong justification. Excellent response which strongly demonstrates how the project will offer value for money while complementing local climate change initiatives such as through the planned use of volunteers and developing project management skills. Application also details that significant match or additional funding is in place which furthers the scope of the project. Additional information has been provided to support the achievement of this criterion and value for money is a key element of the overall outcomes for the project.

Criteria 5 Score 4 – (4 X 1)

Strong justification. Good response which clearly demonstrates how the project will deliver economic benefits for the local community. Good evidence that a sustainable economic legacy will be left by the project.

Criteria 6 Score 4 – (4 X 1)

Strong justification. Good response which clearly demonstrates that the project will raise awareness and promote behaviour change in the local community. Good evidence that lasting behaviour change will be a result of the project.

| | |
|--|--------------------------------------|
| Overall Score Against Criteria : 30/40 | Technical Assessment: PASS |
| Summary: An excellent application which addresses all of the fund's key criteria well. This project will deliver multiple benefits to Lovat Lodge and the wider community, for a relatively modest capital contribution. | |
| Recommendation: Approved | Amount Recommended: £6,000 |