

## DRAFT CABINET REPORT

8 February 2007

### GREEN ENERGY RESERVE FUND

#### Report of the Sustainability Policy Coordinator

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## RECOMMENDATIONS

1. It is recommended that the Cabinet agree to add a further £50,000 (Fifty Thousand pounds) in 2006/07 to the Green Energy Reserve Fund (GERF) to support new community based projects promoting the sustainable use of energy to be financed from the General Fund Reserve
2. It is recommended that the Cabinet Member for the Environment Portfolio should continue to have the final decision as to how the GERF will be used.
3. It is recommended that any future net income from energy generation from wholly or partially Council owned assets created from GERF funding can be used to top up the Green Energy Reserve Fund at the discretion of the Cabinet Member for the Environment Portfolio.

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## Summary

A Green Energy Reserve Fund (GERF) of £50k was set up by the Leader of the Council in 2004 to support sustainable energy projects in a Community Setting. Since that time it has been augmented by a further £25k and the GERF has helped to fund a wide range of projects and to support the Council's policy of funding planning application fees for renewable energy technologies. Directly and indirectly, the GERF has been used to obtain additional external funding to the value of £145k but needs further funding if the Council is to continue to enable new community based sustainable energy projects

## Statutory Powers

Local Government Act 2000

## Introduction

1. In his budget speech in 2004, the Leader of the Council announced that a Green Energy Reserve Fund (GERF) of £50,000 was to be set up to help promote the sustainable use of energy by supporting various community based projects. Such has been the success of this fund, it was augmented by

£25,000 in 2005 and (through feasibility work for example) the projects obtained a further £145,000 of external funding. See Appendix 1 for the range of projects and external funding to date.

2. The GERF needs further augmentation if it is to continue to be used to promote sustainable energy projects in the community and is a key part of the Council's Climate Change Strategy and Action Plan. Through such projects, the community are able to make a contribution towards reducing carbon emissions but also these projects raise awareness about energy use issues and set examples for individuals and the community to follow. The Council won the 2005 South East Renewable Energy Award in the Local Government category in recognition of work largely funded by the GERF.
3. It is hoped that there will be an example of all the main land based renewable and sustainable energy technologies in community settings within the Borough, with associated educational and publicity material. There are already examples of a small Wind Turbine at Itchen Valley Country Park, Solar Thermal and Solar Electric panels in various community settings, shortly to be followed by the Combined Heat and Power system at the Civic Offices and Fleming Park Leisure Centre. Micro wind turbines are also likely to follow around the Borough. However, there are currently no community examples of a micro hydro or biomass scheme in the Borough and Community Groups that run buildings also need help to access funds and advice about sustainable and renewable energy systems.

### **Potential Projects to be funded**

4. Appendix 1 gives an outline as to how a further £50k could be spent but paragraphs 5 to 9 give more details of some key projects.
5. The old Shears Mill site on the River Itchen at Bishopstoke currently has 2 historic Armfield turbines in situ that have been inactive for decades. They are heavily silted up and their current condition is unknown. However, such old turbines are often still in good condition when removed for inspection. A recent technological report has shown that it may be technically and economically feasible to restore these turbines to generate electricity, with a pay back period of as little as 6 years for one option if the old turbines can be restored or up to 12 years for other options. The GERF would be used to work in partnership with Bishopstoke Parish Council and Bishopstoke Historical Society to further develop the project with a view to having a working micro hydro scheme with a small interpretive centre easily seen and accessible in the middle of a thriving community. This would be a real bonus as old mill sites tend to be away from the built environment. The Council owns the land and the shed that houses the existing turbines, although the ownership of the turbines and ancillaries such as the sluices, etc is unclear at present. There may, therefore, be income opportunities from the generation of electricity from this site.
6. The GERF would be used to enable an appropriate community building to have a biomass boiler system to be installed, with related educational materials and displays

7. The Borough of Eastleigh Project (BEEP) was one of the first projects to be funded from the original GERF and enabled community groups that ran buildings used by the wider community to have advice on energy efficiency and to be eligible to apply for funding for renewable energy equipment from the GERF. With the recent increase in interest in renewable energy and sustainable building design, more community groups would be helped by providing expert advice and funding for energy efficiency, sustainable and renewable energy measures in a Phase 2 of the project.
8. The GERF will also continue to be used to pay for planning applications for renewable energy equipment if planning permission is required. It is anticipated that Central Government will encourage microgeneration equipment to be dealt with under General Development Orders, thereby reducing the need for such planning applications in the next few years.
9. In order to maximise awareness raising and educational opportunities created from existing and future GERF projects, funds need to be allocated for related events, publicity materials and interpretive displays.

### **Financial Implications**

10. The £50,000 for this recommended addition to the GERF in 2006/07 will be funded from the General Fund Reserve. In order for the GERF to become self sustaining in the future, income generation from projects funded by the Council that result in a wholly or partially owned energy generation assets (such as potentially Shears Mill) could be used to top up the GERF. The unspent balance on the reserve will be carried forward each year.

### **Risk Management**

11. Each project will generate its own risks but, since most projects will be managed by 3<sup>rd</sup> parties (e.g. community groups), the main risks to the council will be financial ones - for example, a project not obtaining external funding following feasibility work funded from the GERF. However, the experience to date of the GERF has shown that this is very low risk investment for the Community Leadership value obtained. For those projects that result in a wholly or partially owned Council asset, each project will undergo normal Project Management procedures involving risk assessment for that project.

### **Conclusion**

12. The Green Energy Reserve Fund has been a very successful vehicle for raising awareness about the sustainable use of energy through a wide range of projects, recognised by a South East regional award. For this work to continue, the Fund needs to be augmented by a further £50,000 capital injection and future net income from energy generated from Council owned energy generators should be used to top up the GERF at the discretion of the Cabinet Member for the Environment Portfolio.

BEVERLEY DRAIG  
Sustainability Policy Coordinator

Civic Offices  
Leigh Road  
Eastleigh  
Hampshire  
SO50 9YN

Date: 18 January 2007  
Contact Officer: Beverley Draig  
Tel No: 023 8068 8085  
e-mail: sustainability@eastleigh.gov.uk  
Appendices Attached: 1  
\*Report No

LOCAL GOVERNMENT ACT 1972 – SECTION 100D

The following documents disclose facts or matters on which this report or an important part of it is based and have been relied upon to a material extent in the preparation of this report:

Background Papers - Shears Mill Micro-hydropower Feasibility Study by Hydro Generation Ltd