

## Terms of Reference for the Environment Protection Fund

### CLIMATE CHANGE FUNDS

#### 1. Environmental Protection Fund (REVENUE) (EPF)

#### Terms of Reference

#### OVERVIEW

1. The two Climate Change Transformation Funds were established by Treasury with a budget of £10million in April 2020 as part of the Budget.
2. The Climate Changing Funding has two components;
  - The Environment Protection Fund (EPF) Revenue; £5m for 2020/21
  - The Climate Change Mitigation Initiatives Fund (CCMIF) Capital; £5m per year over the next 6 years.

#### 3. Pink Book commentary - *Environmental Protection Fund*

*In May 2019 the Chief Minister announced that the Government is committed to act on the climate change emergency. Tynwald unanimously agreed that the Government establish a dedicated Climate Emergency Consultative Transformation Team. The Government's Action Plan for Achieving Net Zero Emissions by 2050 – phase 1, was unanimously approved by Tynwald in January 2020 and the ongoing funding strategy to implement any agreed actions will need to be developed and approved.*

*As an interim measure, the Treasury propose establishing a new fund from 1 April 2020 of £5 million to enable departments to implement initiatives that support the actions and objectives identified with the action plan until such time as the financing strategy has been agreed.*

4. The primary aim of the Fund is to provide revenue funding for initiatives in the Isle of Man that support the objectives, defined in the Council of Ministers Action Plan, of achieving net zero carbon emissions by 2050. The fund was committed to by the Council of Ministers in this action plan, to allow immediate actions to be taken and phase one of the action plan to be delivered.
5. The Funds will be available to the Climate Change Transformation Programme, and Government Departments, Boards and Offices through the Climate Change Transformation Board and Steering Group.
6. Bids are invited and considered where the costs and potential carbon emissions reductions are clearly defined, and where the key deliverables underpin the delivery of the Council of Ministers Action Plan for achieving net zero emission by 2050; Phase One, as approved by Tynwald in January 2020.
7. Bids for Capital funding should be directed to the Climate Change Mitigation Initiatives Fund, which has a separate Term of Reference.

#### GOVERNANCE - EPF

8. A business case template is required to support all submissions. The business case should outline the total set-up cost, revenue implications, carbon reduction impact and any co-benefits for the environment, economy or island community.

9. The business case must identify the specific relevant initiatives in the Climate Change Action Plan January 2020 and demonstrate the application's contribution to than initiative.
10. All bids should have signed approval from the relevant Department Finance Officer Accountable Officer and Minister, plus the Chief Secretary (Ministerial approval requirement subject to a de-minimus level of £100,000).
11. Should the intention be for some or all of the funds to be paid to a third party supplier, it is essential that this expenditure complies with both Financial Regulations and the open and fair principles that underpin public sector procurement. To this end where third-party expenditure is being considered, Procurement Services must be engaged at the very earliest opportunity and certainly in advance of any formal request for funds.
12. Bids up to £10,000 are considered and supported by the Climate Change Transformation Director and agreed by The Executive Director of Financial Governance.
13. Bids up to £100,000 are considered and supported by the Climate Change Steering function of the Chief Officer Group and agreed by the Chief Financial Officer or Executive Director of Financial Governance.
14. Bids over £100,000 and up to £250,000 are considered and supported by the Climate Change Transformation Board, and agreed by the Chief Financial Officer or Executive Director of Financial Governance for approval.
15. Any bids over £250,000 are to be supported by the Climate Transformation Board and agreed by the Treasury Board. Bids approved in this way for amounts between £250,000 and £500,000 also require notification to the Council of Ministers.
16. Any bids over £500,000 are to be supported by the Climate Transformation Board and agreed by the Treasury Board. They also require formal approval from the Council of Ministers.
17. Bids from Treasury will be supported by the Climate Change Transformation and Treasury Boards, but will require approval from the Council of Ministers regardless of value.

#### **ELIGIBILITY CRITERIA**

18. All eligible projects must support the overall objective of the Climate Change Transformation Programme, *namely / specifically*;
  - a. To achieve Net Zero *Carbon* Emissions by 2050; either through the reduction of Carbon (and other Greenhouse Gas) Emissions within one of the key emissions sectors, or through providing a significant contribution to carbon sequestration
  - b. To deliver a climate change bill and associated legislation; an enabler to achieving net zero carbon emissions by 2050
  - c. To deliver phase one actions identified in the council of Ministers action plan
  - d. To develop phase two of the council of ministers action plan
  - e. A business case must be produced and signed off by the Climate Change Director and the Chief Secretary
  - f. VAT and contingency costs should not be included.
19. Departmental drawdowns from the Fund will only be made available after it has been demonstrated that the Department will not produce and underspend within the current financial year.
20. All bids will be time-limited and extensions will require formal in line with the decision thresholds identified in paragraphs 12-16 above. It is the responsibility of the Department to ensure this.

21. Bids that involve ongoing revenue expenditure are not eligible for funding, it is expected that such bids will be considered as part of the annual budget process.
22. Approvals are not transferrable between projects and a new business case will be required for each new initiative.

<b>Last Updated</b>	
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## Terms of Reference for the Climate Change Mitigation Initiatives Fund

### CLIMATE CHANGE FUNDS

#### 2. Climate Change Mitigation Initiatives Fund (Capital) (CCMIF)

##### Terms of Reference

##### OVERVIEW

23. The two Climate Change Transformation Funds were established by Treasury with a budget of £10million in April 2020 as part of the Budget.
24. The Climate Changing Funding has two components;
  - The Environment Protection Fund (EPF) Revenue; £5m for 2020/21
  - The Climate Change Mitigation Initiatives Fund (CCMIF) Capital; £5m per year over the next 6 years.
25. Pink Book commentary – *Climate Change Mitigation Initiatives Fund*
  - *£5 million funding for Climate Change Mitigation Initiatives* (Page 6, Capital Budget)
  - *Treasury budget to support climate change mitigation initiatives* (Page 122, Capital Column 2 schemes)
  - £5m per year for each of the next 6 years (Page 111, Full Capital Programme including 20/21 Approvals)
  - The Minister's speech stated: "*we will create a climate change capital contingency fund within the Capital budget, initially with £5m. These monies will be available to Departments to fund changes to scheme costs that may be required or desirable to ensure that Capital Schemes undertaken by Government are supporting the overall goal of carbon neutrality.*"
26. The primary aim of the Fund is to provide Capital funding for initiatives in the Isle of Man that support the objectives, defined in the Council of Ministers Action Plan, of achieving net zero carbon emissions by 2050. The fund was committed to by the Council of Ministers in this action plan, to allow immediate actions to be taken and phase one of the action plan to be delivered.
27. The Funds will be available to the Climate Change Transformation Programme, and Government Departments, Boards and Offices through the Climate Change Transformation Board and Steering Group.
28. Bids are invited and considered where the costs and potential carbon emissions reductions are clearly defined, and where the key deliverables underpin the delivery of the Council of Ministers Action Plan for achieving net zero emission by 2050; Phase One, as approved by Tynwald in January 2020.

29. Bids for Revenue Funding should be directed to the Environmental Protection Fund, which has a separate Term of Reference.
30. All bids must clearly identify any revenue implications. Bids with ongoing revenue implications must be clearly identified and subject to Treasury approval regardless of bid amount. Each bid must clearly identify the proposed source of funding for any revenue change.

### **GOVERNANCE**

31. A business case template is required to support all submissions. The business case should outline the total set-up cost, revenue implications, carbon reduction impact and any co-benefits for the environment, economy or island community.
32. The business case must identify the specific relevant initiatives in the Climate Change Action Plan January 2020 and demonstrate the application's contribution to than initiative.
33. All bids should have signed approval from the relevant Department Finance Officer Accountable Officer and Minister, plus the Chief Secretary (Ministerial approval requirement subject to a de-minimus level of £100,000).
34. Should the intention be for some or all of the funds to be paid to a third party supplier, it is essential that this expenditure complies with both Financial Regulations and the open and fair principles that underpin public sector procurement. To this end where third-party expenditure is being considered, Procurement Services must be engaged at the very earliest opportunity and certainly in advance of any formal request for funds.
35. Bids up to £10,000 are considered and supported by the Climate Change Transformation Director and agreed by The Executive Director of Financial Governance.
36. Bids up to £100,000 are considered and supported by the Climate Change Steering function of the Chief Officer Group and agreed by the Chief Financial Officer or Executive Director of Financial Governance.
37. Bids over £100,000 and up to £250,000 are considered and supported by the Climate Change Transformation Board, and agreed by the Chief Financial Officer or Executive Director of Financial Governance for approval.
38. Any bids over £250,000 are to be supported by the Climate Transformation Board and agreed by the Treasury Board. Bids approved in this way for amounts between £250,000 and £500,000 also require notification to the Council of Ministers.
39. Any bids over £500,000 are to be supported by the Climate Transformation Board and agreed by the Treasury Board. They also require formal approval from the Council of Ministers.

### **ELIGIBILITY CRITERIA**

40. All eligible projects must support the overall objective of the Climate Change Transformation Programme, *namely / specifically*,
  - g. To achieve Net Zero *Carbon* Emissions by 2050; either through the reduction of Carbon (and other Greenhouse Gas) Emissions within one of the key emissions sectors, or through providing a significant contribution to carbon sequestration
  - h. To deliver a climate change bill and associated legislation; an enabler to achieving net zero carbon emissions by 2050
  - i. To deliver phase one actions identified in the council of Ministers action plan
  - j. To develop phase two of the council of ministers action plan
  - k. A business case must be produced and signed off by the Climate Change Director and the Chief Secretary

I. VAT and contingency costs should not be included.

41. All bids will be time-limited and extensions will require formal in line with the decision thresholds identified in paragraphs 13-17 above. It is the responsibility of the Department to ensure this.

42. Approvals are not transferrable between projects and a new business case will be required for each new initiative.

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