

1.0 Question: Would the Council face a financial penalty for failure to meet the requirements of the Carbon Reduction Commitment Energy Efficiency Scheme?

- **Statement of Accounts (SOA) reference – Accounting for the costs of the Carbon Reduction Commitment Scheme, page 50.**

1.1 The Council is required to participate in the Carbon Reduction Commitment Energy Efficiency Scheme. The scheme is currently in the second phase, which ends on 31st March 2019. The Council is required to purchase and surrender allowances, either prospectively or retrospectively, and surrender them on the basis of emissions, i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the Council is recognised and reported in the costs of the Council's services and apportioned to services on the basis of energy consumption.

1.2 If an organisation fails to comply with the requirements of the CRC Order, it could be liable for civil penalties, listed in Annex D of the CRC Energy Efficiency Scheme guidance for participants in Phase 2 (2014-2015 to 2018-2019). If the administrator imposes a financial penalty, it may also publish your failure to comply with the CRC Order and the penalty amount, which could lead to reputational damage as well.

1.3 Appendix 2 (ai) shows that there is the potential to incur quite significant penalties particularly around 3, 6 and 8. For example, failure to comply with no 8 – which is failure to maintain records in respect of the information used to compile an annual report or relevant to any designated change – penalty ~ £600k.

2.0 Question: What was the level of maintenance spend / backlog maintenance?

- **SOA reference – Summary of the Financial Year – Resources page 12**

2.1 The 2017/18 Property Services maintenance spend was £1.7m against a budget of £1.2m. The £0.5m overspend was offset by savings in both Utilities and NNDR.

2.2 As at August 2018 backlog maintenance for Priority 1-3 has been identified at just under £8.5m of which Priority 1 was £1.2m. However, there are other sources of funding such as capex, partner funding etc. not just revenue.

2.3 Key for the priority levels are as follows:-

- Priority 1 – urgent work required
- Priority 2 – work required within a year
- Priority 3 – work required within 5 years

2.4 Note the figures quoted above do not include Leisure Assets or Schools, the former having significant costs for backlog maintenance c£15m.

3.0 Question: What is the eligibility criteria for the Business Loans Fund and how many loans have been issued?

- **SOA reference – Long-Term Debtors, pages 78 – 80**

3.1 The overriding purpose of the Blackpool Business Loans Fund is to support the future economic development of Blackpool in a sustainable manner, in line with the Council’s priorities.

3.2 The Business Loans Fund eligibility criteria is attached at appendix 2(aii).

3.3 So far this initiative has been very successful providing funding to local businesses to create jobs and stimulate the local economy alongside supporting public sector partners to deliver their own budget savings and contributing to the Council’s own saving target.

3.4 To date 21 loans totalling £52,923,000 have been issued since its inception of which three (£498,000) have been fully repaid.

3.5 16 are live and two (£320,000) have been written off including the VIA Partnership (£300,000).

3.6 Due diligence work is currently underway with a further five proposals amounting to £50,550,000 which will take the balance of loans to just under the £100m authorised limit after taking account of loan instalments repaid to date.

4.0 Question: What is the basis and valuation of the Illuminations Historic Collection?

- **SOA reference – Heritage Assets, pages 41 & 69**

4.1 This is a collection of illuminations that have been on display in the past but no longer form part of the annual display (i.e. non-operational). They are kept for their historical significance. These items are reported in the Balance Sheet at insurance valuations that are based on market values. These insurance valuations are reviewed on a 4 yearly basis.

4.2 Due to the unique nature of the collection it is deemed to have an indeterminate life and a high residual value hence, the Authority does not consider it appropriate to charge depreciation.

The collection is fairly static. Any transfers of operational illuminations to this collection would be recognised at a value ascertained by the Illuminations Manager in accordance with the Authority's policy.

4.3 These assets have been valued by the Head of Heritage as at 31st March 2018 at £550,000.