

Cabinet Committee on Climate Change and the Environment

Meeting to be held on 11 October 2011

Electoral Division affected: All

Carbon Reduction Commitment – Footprint and first Annual Reports

(Appendices 'A' and 'B' refer)

Contact for further information:

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Executive Summary

This report seeks to inform the Committee of the recent submission made by the County Council to meet the requirements of the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. The submission includes carbon emissions data for both Schools and County retained buildings.

Recommendation

That the Cabinet Committee for Climate Change and the Environment notes the report and the commitment to provide regular updates regarding the CRC.

Background

The Committee will recall previous reports concerning the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme of which the County is required to be a registered participant. The CRC came into force on 1st April 2010 and the Council must meet certain deadlines for reporting. The most recent and significant of which were the initial carbon 'Footprint Report' and the first 'Annual Report' on emissions. The Footprint Report identifies all energy consumed within relevant buildings whereas the Annual Report identifies the energy consumption for which carbon allowances will ultimately need to be purchased. Both reports were submitted on time by the end of July 2011 and covered the period April 2010 to March 2011 inclusive.

The County's Corporate Property Group's Energy Team collated and delivered these reports and also the required 'Evidence Pack' necessary for external audit by the Environment Agency. The Evidence Pack details the procedures and systems in place for the collation of information for the Footprint and Annual Reports. An internal audit of this was rated as providing '**substantial assurance**' over the systems and procedures in place.

Attached at Appendix 'A' is the Footprint Report showing the total LCC carbon footprint emissions at just over 138,000 tonnes.

Carbon Allowances

Appendix 'B' summarises the emissions data collated for the first Annual Report. The CRC does not require the purchase of allowances for reported emissions in the first year and so the first Annual Report is for information only. However, allowances are currently valued at £12.00 per tonne and, based upon the first year reported and 'regulated' emissions of just over 131,000 tonnes, the total cost of purchase for Lancashire County Council would have been in the order of £1.58 million (slightly less than originally anticipated).

The first Annual Report includes emissions from schools. All schools within the County boundary, excepting privately run schools, are included in the CRC. Consequently the reports on emissions include Academies, BSF, PFI, Foundation, Voluntary Aided, Voluntary Controlled and Community Schools. The total cost of allowances for schools based upon the first Annual Report would have been in the order of £900,000.

Schools' Forum has previously indicated its support for the CRC and a willingness to fund the purchase of allowances for schools from the centrally held reserves. However, it is intended that a report be taken to the next Schools' Forum meeting detailing the qualifying emissions in the first annual report and, using these as an estimate, confirming support for the purchase of the necessary allowances from April 2012.

The first actual purchase of allowances will take place from April 2012 based upon emissions reported in the second Annual Report covering the year 2011/12.

Financial Impact

As described the first requirement for the purchase of carbon allowances will fall due in April 2012 for carbon emitted in 2011/12, this will require accruals to be made in the 2011/2012 accounts. At this stage it is impossible to accurately predict the total cost but, based upon the first Annual Report, it is likely to be in the order of £1.6 million (including schools). The cost of this has already been recognised in the Medium Term Financial Strategy and reflected in the County's revenue budgets.

Future Reports

The Government has announced its intention to simplify the CRC scheme. It is therefore likely that reporting requirements will change. It is intended that further regular reports are brought to the Committee for consideration as and when changes and/or significant reporting deadlines are due.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

This report provides a guide to the financial cost of the carbon allowances which will need to be bought to meet the County's CRC obligations. This legislation will now become an annual burden to the County with a financial risk of increase if the County doesn't actively reduce its CO₂ emissions through the effective management of energy in its portfolio of buildings.

Any representations made to the Cabinet Committee prior to the issue being considered in accordance with the Public Notice of Forward Plans

Name:	Organisation:	Comments:
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N/A

Local Government (Access to Information) Act 1985 List of Background Papers

Paper	Date	Contact/Directorate/Tel
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N/A

Reason for inclusion in Part II, if appropriate

N/A