

Cabinet Committee on Climate Change and the Environment

Meeting to be held on 8th December 2010

Part I - Item No. 4

Electoral Division affected:
All

Support for Schools to Manage Impact of the Carbon Reduction Commitment Scheme

Contact for further information:

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Executive Summary

This report seeks to inform the Committee of the decisions made by the Lancashire Schools' Forum with regard to supporting schools' participation in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme; namely:

- The decision to use the CYP centrally held reserve to hedge against penalty payments arising from carbon trading and recycling of revenue.
- The provision of a loan fund, also supported from the CYP centrally held reserve of £600,000 in 2011/12 to help schools achieve carbon and energy savings.

Recommendation

The Cabinet Committee on Climate Change and the Environment is asked to note the report and support the decisions of the Lancashire Schools' Forum with regard to schools' participation in the CRC scheme and the contribution thereby made to the County Council's overall duties as a participant in the scheme.

Background and Advice

The CRC scheme came into force on 1st April 2010 requiring the County Council to register as a participant by the end of September 2010. The County is obligated to include the carbon emissions from and consequently purchase carbon allowances for, schools as well as retained buildings. The scheme does not allow the Council to pass these costs back to schools.

The recycling of revenue from the sale of allowances based upon performance and a league table position compared to other participants, means that there are potential bonus or penalty payments. The rules of the CRC scheme do allow for these amounts to be passed back to schools.

Schools' active participation in the CRC scheme is therefore vital to ensure the potential risk from any financial penalties is managed effectively.

A report was consequently taken to the Lancashire Schools' Forum asking that they co-operate with and support the Council's participation in the CRC Scheme.

The Forum was asked to consider two elements of support:-

1. Payment of penalty charges.
2. Investment in carbon and energy reduction measures.

It was resolved that the CYP centrally held reserve for schools be utilised in two ways. Firstly an allowance would be made to 'hedge' against possible penalty payments so that these could be dealt with centrally. This would avoid the administrative costs of passing hundreds of relatively small contributory charges to individual schools and would also protect the more vulnerable schools against additional expenditure against their budgets.

Secondly the Forum resolved to allocate a sum of £600,000 starting in 2011/12 and reviewed regularly, to provide loan funding as part contribution to schools to help them invest in energy and carbon reduction measures. The Property Group's Energy Team was asked to draw up a prioritised list of schemes to be recommended to schools for them to borrow against.

The Forum was very supportive of the need for schools in Lancashire to be active participants in the County's drive to reduce carbon emissions, energy consumption and therefore cost.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

If no action had been taken by Schools' Forum the County Council would remain wholly liable for carbon emissions from schools with no mechanism for recovering costs and or achieving a partnership approach to managing costs. The actions taken should be recognised as a positive step towards achieving this.

The Committee should note that the CRC scheme has been modified by the recently announced Comprehensive Spending Review. This impacts upon the actions described in this report and forms the basis for a separate item on the Agenda for this meeting.

Financial

The bonus/penalty value at stake for the Council in the first year of the original scheme (2011/12) was plus or minus £180,000 (this included schools). This would have risen to plus or minus £900,000 in the fifth year of the scheme.

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

Paper	Date	Contact/Directorate/Tel
Carbon Management for Schools and practical help available from the Council's Property Group	20 th July 2010	Matthew Tidmarsh/ Resources Directorate/ 01772 533243
Carbon Reduction Commitment	20 th July 2010	Matthew Tidmarsh/ Resources Directorate/ 01772 533243