

ANGUS COUNCIL

COMMUNITIES COMMITTEE – 27 SEPTEMBER 2016

CARBON REDUCTION COMMITMENT ANNUAL REPORT 2015-2016

1. INTRODUCTION

- 1.1 This report advises on the cost for the purchase of carbon allowances for 2015-16, in compliance with the Climate Reduction Commitment (CRC) Energy Efficiency Order 2010, based on the reportable consumption and subsequent carbon dioxide emissions produced by Angus Council.

2. BACKGROUND

- 2.1 Report no: 310/11, CARBON REDUCTION COMMITMENT – FINANCIAL MANAGEMENT ARRANGEMENTS AND DELEGATIONS, approved at the Corporate Services Committee meeting of 28 April 2012.

Authorise the Strategic Director – Communities to:-

- undertake the, ordering, purchasing and surrendering of carbon allowances, and make other scheme payments, in accordance with the management arrangements established by the Environment Agency [EA] and the Scottish Environmental Protection Agency [SEPA] for the CRC Energy Efficiency Scheme Order 2010 notwithstanding the scale of such payments.
- delegate this responsibility to the Service Manager – Property in accordance with the associated responsibilities detailed in the Scheme of Delegation to Officers.
- with guidance from the Head of Corporate Improvement and Finance and the Service Manager – Governance, establish appropriate arrangements which enable the electronic payments process to be transparent, accountable and comply with best practice.
- instruct the Strategic Director – Communities to submit an annual report detailing the outcome of the exercise of these delegations and advising the direct expenditure incurred through participation in the CRC Energy Efficiency Scheme Order 2010 process.

- 2.2 The CRC scheme is arranged in phases as follows:

- Phase 1 covered the period 1 April 2010 to 31 March 2014
- Phase 2 covers the period 1 April 2014 to 31 March 2019

- 2.3 In phase two of the CRC scheme allowances can be purchased in advance at a reduced rate as against the buy to comply rate. The cost of carbon allowances will be increased annually by an amount determined by the Chancellor of the Exchequer as part of the budget speech.

2.4 In 2015 the Chancellor of the Exchequer announced that there will be a review of the business energy efficiency tax landscape and consider approaches to simplify and improve the effectiveness of the regime. On the 16 March 2016 the Chancellor of the Exchequer announced as part of his budget submission the abolition of the CRC Energy Efficiency Scheme from the end of the 2018-19 compliance year and confirmed the move to a single business energy tax, the existing Climate Change Levy. Further the government are to consult later in 2016 on a simplified energy and carbon reporting framework for introduction by April 2019.

3. CURRENT POSITION

End of year position 2015/16

- 3.1 Following assessment of the likely costs associated with the progression of Angus Council's duties in compliance with the CRC Energy Efficiency Scheme Order 2010, £370,000 was provided on a corporate basis within the Other Services Revenue Budget for 2015-16.
- 3.2 On the 24 April 2015; 20,977 carbon allowances were ordered to cover the projected carbon emissions during the financial year 2015-16. The cost of the purchased in advance allowances amounted to £338,051.70 which was paid on 5 June 2015. The Council subsequently received a refund of £10,498.50 (50p per carbon allowance) as a result of a legislative error by the Government.
- 3.3 In accordance with the CRC scheme, the Head of Technical and Property Services compiled and submitted an annual report on 19 July 2016 detailing the scale of the reportable consumption and subsequent tonnes of carbon dioxide emissions for 2015-16.
- 3.4 In accordance with the CRC scheme and in exercise of delegation to the Service Manager Property, Technical and Property Services has ordered and paid for the required carbon allowances. The allowances will be surrendered during October 2016. Table 1 below provides a summary of the reportable consumption, carbon emissions and cost associated with complying with the CRC scheme for the financial year 2015-16.

Table 1: Status at 31 March 2016 for the second year of phase 2 of the CRC scheme.

Fuel	Actual kWh	Estimated kWh	Tonnes of CO ₂	Cost of allowances
Electricity	25,294,699	126,833	12,624	£196,934.40
Gas	29,681,381	0	5,463	£85,222.80
On site generated Electricity	123,232	0	56	£873.60
	55,099,312	126,833	18,143	£283,030.80

- 3.5 Table 1 shows that during the financial year 2015/16 the Council emitted 18,143 tonnes of reportable carbon dioxide; this is a decrease of 1,475 tonnes from the previous year. The 1,475 tonnes equates to an 8.13% reduction of our reportable carbon footprint when compared year on year.
- 3.6 The CRC allowances are purchased a year in advance and are based on the predicted energy consumption with no reduction for supplies which may fall below the reporting limits for the actual year. Taking this into consideration and including changes introduced for phase two of the CRC scheme the Council purchased 20,997 carbon allowances and is due to surrender 18,143 allowances during October 2016. The remaining 2,854 allowances will be carried forward to the third year of phase two.

4. FINANCIAL IMPLICATIONS

- 4.1 The costs of participation by Angus Council in the CRC Scheme have been accommodated within the Energy Efficiency CRC Scheme provision allocated within the Other Services Revenue Budget in each respective year.
- 4.2 Although the CRC scheme is being abolished the budgetary provision the Council makes to cover the purchase of carbon allowances will still be required to offset the corresponding increase in the Climate Change Levy which will come through as additional charges on the utility bills.

REPORT AUTHOR

**Contact for further details –
Ian Cochrane, Head of Technical and Property Services
E-mail: CommunitiesBusinessSupport@angus.gov.uk**