

ANGUS COUNCIL

COMMUNITIES COMMITTEE – 29 SEPTEMBER 2015

CARBON REDUCTION COMMITMENT ANNUAL REPORT 2014-2015

REPORT BY HEAD OF TECHNICAL AND PROPERTY SERVICES

ABSTRACT

This report advises on the cost for the purchase of carbon allowances for 2014-15, 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.

1. RECOMMENDATIONS

1.1 It is recommended that the Committee:

- (i) notes this annual report is required to be accessible to members of the public; and
- (ii) notes the content of this annual report.

2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/SINGLE OUTCOME AGREEMENT/COPORATE PLAN

2.1 This report contributes to the following local outcomes contained within the Angus Community Plan and Single Outcome Agreement 2013-2016:

- Communities that are sustainable
- Our natural built environment is protected and enjoyed
- Our carbon footprint is reduced

3. BACKGROUND

3.1 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.

3.2 The CRC scheme is arranged in phases as follows:

- Phase 1 covers the period 1 April 2010 to 31 March 2014
- Phase 2 covers the period 1 April 2014 to 31 March 2019
- Subsequent phases will be on a five year cycle

3.3 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.

3.4 During the 8 July 2015 budget speech 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. The review will consider the Climate Change Levy (CCL), Carbon Reduction Commitment (CRC) Energy Efficiency Scheme and their interaction with other business energy efficiency policies and regulations. The review will be launched this autumn 2015 and the Council will respond to any public consultation.

4. CURRENT POSITION

End of year position 2014/15

- 4.1 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, £345,758 was provided on a corporate basis within the Other Services Revenue Budget for 2014-15.
- 4.2 On the 2 April 2014; 23,800 carbon allowances were ordered to cover the projected carbon emissions during the financial year 2014-15. The cost of the purchased in advance allowances amounted to £371,280 which was paid on 4 June 2014.
- 4.3 In accordance with the CRC scheme, the Head of Technical and Property Services compiled and submitted an annual report on 18 August 2015 detailing the scale of the reportable consumption and subsequent tonnes of carbon dioxide emissions for 2014-15.
- 4.4 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 on the 12 October 2015. 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 2014-15.

Table 1: Status at 31 March 2015 for the first year of phase 2 of the CRC scheme.

Fuel	Actual kWh	Estimated kWh	Tonnes of CO ₂	Cost of allowances
Electricity	25,977,807	111,348	13,913	£217,043
Gas	30,159,718	0	5,566	£86,830
On site generated Electricity	284,501	0	139	£2,168
	56,422,026	111,348	19,618	£306,041

- 4.5 Table 1 shows that during the financial year 2014/15 the Council emitted 19,618 tonnes of carbon dioxide; this is an increase of 3,765 tonnes from the previous year. The increase was due to a change in the rules applicable to phase 2 of the CRC scheme whereby street lighting (3,986 tonnes) is now included. The net result is a reduction of 221 tonnes of carbon dioxide during 2014-15 compared with 2013-14. This equates to an equivalent reduction of 1.33% of our carbon footprint when compared year on year.
- 4.6 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 23,800 carbon allowances and is due to surrender 19,618 allowances on the 12 October 2015. The remaining 4,182 allowances will be carried forward to the second year of phase two of the scheme.

5. PROPOSALS

- 5.1 The Council is currently accredited to the Carbon Trust Standard and as part of the accreditation the Council is required to report on the progress being made to achieve its consumption and carbon reduction targets and ensure the reports are in the public domain.
- 5.2 The committee is asked to note the contents of the report and recognise the progress being made to meet the Council's carbon emission targets.

6. FINANCIAL IMPLICATIONS

- 6.1 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.

NOTE: No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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