



Haringey Council

The Children and Young People's Service

Report to Haringey Schools Forum 26th May 2011

**Agenda Item
8**

Report Status

For information/note
For consultation & views
For decision

Report Title: Carbon Reduction Commitment

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Purpose:

To inform Schools of their statutory reporting and financial responsibilities under the Carbon Reduction Commitment Energy Efficiency Scheme.

Recommendations:

- 1 That the Schools Forum notes the circa £250,000 to be applied to the DSG, prior to formula funding, resultant of the cost of carbon emitted by the school portfolio under the Carbon Reduction Commitment.
- 2 That the Schools Forum recommends the following actions to all school to ensure compliance with the Carbon Reduction Commitment:
 - 2.1 All schools to review their utility supply contract status and ensure that, if not on the Council's corporate utility contracts, a Letter of Authority has been received and returned to the Council.
 - 2.2 All schools not on the Council's corporate utility contracts to evaluate their existing supply arrangements and consider opting into the Council's corporate offering for ease of administration of the CRC and improved supply prices.
 - 2.3 All schools without AMR (smart metering) to provide a monthly submission of all meter readings to the Council at

energy@haringey.gov.uk, between the 21st and 28th of the month.

- 2.4 All Schools apply for the Sustainable Investment Fund loan scheme to help reduce energy consumption, and hence energy costs and CRC allowance purchases.

1. Background and Introduction.

- 1.1 The CRC is a mandatory UK-wide carbon trading scheme created through the Climate Change Act 2008.
- 1.2 The scheme requires participants to report on their carbon emissions and is required to calculate and purchase carbon allowances each April, to cover emissions generated at a fixed price of £12 per tonne of CO₂ for the first three years.
- 1.3 Local Authorities are expected to take responsibility for state funded schools and academies and are responsible for the purchase of allowances.

2. Reporting

- 1.4 In order to demonstrate the accuracy of the carbon footprint and allowance claim that will be submitted to the Environment Agency (the proprietors of the scheme), the Council is required to keep an evidence pack. This pack should demonstrate, amongst other things, the utility meter information, energy consumption and read history for the entire portfolio.
- 1.5 The Council is already counter-signatory to the utility supply contracts of every school that is on the Council's corporate contract for both electricity and gas. This means that the Council has access to all the information that is required to demonstrate compliance with the scheme on behalf of those schools.
- 1.6 Where schools are not on the Council's corporate contract for electricity, gas and in a few instances, oil, the Council will not be able to access relevant information to complete the evidence pack. This could lead to fines for non-compliance. To protect schools from these fines, the Council has issued template 'Letters of Authority' to all relevant schools. Once signed and returned to the Council, these act as a mandate to utility suppliers to make all relevant data available to the Council.

3. Financing

- 1.7 On 9th February, the Department of Education (DfE) issued a letter to all Directors of Children's Services proposing that "the purchase of allowances relating to schools should be an allowable item against the central part of the schools budget... this would not be allowable as a formula factor". This means that the total cost in relation to schools is likely to be charged as a single deduction from the total Dedicated Schools Grant (DSG), rather than to individual schools.

- 1.8 The total estimated charge likely to be levied against the DSG is circa £250,000 per annum for the first three years based on current school energy consumption trends. The amount can be increased by as much as 10% should the evidence demonstrate that meters have not been read within the year. Unless schools have smart meters which automatically send accurate data to the supplier, a monthly read of each meter should be taken and submitted to the Council (or the relevant suppliers if not on the Council's utility contracts) in the last week of each month.
- 1.9 Originally the scheme recycled allowances to participants following the application of a 'performance formula', providing bonus payments to good, and financial penalties to bad performers. Bonus and penalties could be passed by the primary participant (the Council) through to their secondary participants (e.g. schools). This element of the CRC as a result of the Spending Review means that the previous proposals relating to bonuses and penalties are no longer applicable.
- 1.10 In order to reduce the impact of the CRC costs, the Council is administering a Sustainable Investment Fund which is derived from 12.5% of residual school balances, and is available as an interest free loan fund for energy efficiency projects. Schools will benefit from reduced energy and CRC costs without having to invest capital into the works. The Council encourages all schools to identify potential projects and contact energy@haringey.gov.uk with proposals.

NB: Currently, the issue of whether authorities are able to attribute the cost of allowances to academies is confused. Consultation remains ongoing with the DfE concerning Councils' responsibility for payment of academy allowances through the General Fund.

Recommendations:

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