

CARBON REDUCTION COMMITMENT LIABILITY

SUMMARY

- 1.1 Changes to the Carbon Reduction Commitment Liability Scheme introduced in the Comprehensive Spending Review has put additional financial pressure on the Council's corporate budget. This issue was picked up by the Scrutiny Management Commission during the budget consultation process in January and members requested an update. The SMC received a briefing paper at their March meeting which confirmed that the changes to the CRC scheme will require the Council to find an additional £400,000 in 2012.

RECOMMENDATION

- 2.1 That the Council Cabinet pursue recompense for the financial pressure introduced through changes to the Carbon Reduction Commitment Scheme by the Comprehensive Spending Review.
- 2.2 To request a report for the June meeting of the SMC on the effect of the reduction in the climate change team resulting in reduced capacity to capture and analyse data and find greater efficiencies.

REASONS FOR RECOMMENDATION

- 3.1 An additional financial pressure of approximately £400,000 has been placed on the Council as a result of the changes to CRC scheme introduced by Comprehensive Spending Review in autumn last year. This is considered as an additional tax on the Council and Commission recommends that Council Cabinet lobby's the Government for recompense for this tax.
- 3.2 Authorities are required to provide regular data on energy use to the Government and will incur penalties for non compliance and for reporting inaccurate data. Although a new automated meter reading system is being rolled out to assist with data collection, changes to the climate change team will result in most, if not all of the team's resources being spent on capturing and accurately reporting data to Government. The Commission was concerned that reductions in the climate change team will reduce its capacity to capture and analyse data and thereby find greater efficiencies.

SUPPORTING INFORMATION

- 4.1 The Carbon Reduction Commitment scheme is designed to reduce carbon emissions by improving energy efficiency in public and private sector organisations which consume large amounts of energy. The scheme was originally designed to enable authorities to forecast their emissions for the coming year and enable them to buy or surrender allowances for each tonne of CO₂ emission. Payments were to be recycled in proportion of overall energy efficiency performance in relation to other participants
- 4.2 The scheme involves participants buying allowances from government each year to cover their emissions in the previous year. This enables organisations that decrease their emissions to lower costs. In October 2010 the Government announced two important changes on buying allowances:
- The money raised from sale of allowances will be retained by the government rather than recycled back to CRC
 - The first sale of emissions will be in 2011/12 rather than 2011
- 4.3 Participants in the scheme are required to measure and report their carbon emissions annually in accordance to set rules. The Government has introduced penalties for non compliance and reporting inaccurate data. The first annual report on emissions is due in July 2011

OTHER OPTIONS CONSIDERED

- 5.1 None

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Service Director(s) Other(s)	
---	--

For more information contact: Background papers:	Name 01332 255597 e-mail mahroof.hussain@derby.gov.uk None
---	---

List of appendices:	Appendix 1 – Implications
----------------------------	---------------------------

IMPLICATIONS

Financial and Value for Money

- 1.1 Changes to the Carbon Reduction Commitment scheme has placed an additional £400,000 budget pressure on the Council.

Legal

- 2.1 Carbon Reduction Commitment Energy Efficiency Scheme under the Climate Change Act 2008. It is mandatory for Derby City Council to participate in the scheme.

Personnel

- 3.1 The Council Cabinet's proposed budget included a reduction of £350k in the Climate Change and Energy Management Unit. Allowing for inflation the reduction would be from £622k to 281k. At Council on 2 March 2011 £50 was reinstated.

Equalities Impact

- 4.1 None arising directly from this report.

Health and Safety

- 5.1 None arising from this report.

Environmental Sustainability

- 6.1 Reduction to the Climate Change Team affects the capacity to capture and analyse data and find greater efficiencies.

Asset Management

- 7.1 None arising directly from this report.

Risk Management

- 8.1 Reduction in the Climate Change Team could affect our capacity to capture and analyse data and find greater efficiencies.

Corporate objectives and priorities for change

- 9.1 This report links to the Derby Plan goals of:
- Less carbon emissions from industry and transport
 - A better built and natural environment

