

Results of the consultation on the Carbon Reduction Commitment Energy Efficiency Scheme and Schools

Purpose of the Paper

1. To report the results of the consultation on a proposal to change the Local Authority's Scheme for Funding Schools to incorporate the Carbon Reduction Commitment Energy Efficiency Scheme (CRC scheme).

Background

2. The Climate Change Act 2008 aims to enable the United Kingdom to become a low carbon economy and gives ministers powers to introduce the measures necessary to achieve a range of greenhouse gas reduction targets. Introduced in response to this, the CRC scheme is a mandatory energy efficiency scheme for large organisations aiming to incentivise the public and private sectors to reduce their carbon emissions. It features a range of reputational, behavioural and financial drivers to encourage participating organisations to develop energy management strategies that promote a better understanding of, and ultimately a reduction in, energy usage.

The scheme commenced in April 2010 with participating organisations being required to gather data on energy consumption and report back to the Environment Agency who administer the scheme. 2010/11 was a reporting year only but from 2011/12 organisations are required to purchase allowances to cover every tonne of carbon dioxide they emit. The first payment will be made retrospectively in July 2012 when emissions will be charged at £12 per tonne. Charges will be set annually in Government's April budget, and are expected to rise at around £2 per tonne per year.

3. With school emissions accounting for in excess of 50% of Wiltshire Council's total carbon footprint in 2010/11, and expected to rise to 61% in 2011/12, it is vital to actively engage schools in this agenda and the CRC scheme specifically.

The cost incurred for 2011/12 will be borne corporately by the Council but schools will be expected to take on their financial liability for the CRC scheme from 2012/13. Regulations allow local authorities to "top slice" the schools portion of the CRC scheme from the Dedicated School Grant although this could compromise the incentive for schools to tackle energy efficiency as they would not derive financial benefit proportional to any reduction in their individual emissions.

4. It is proposed to amend the LA's Scheme for Funding Schools to incorporate a mechanism whereby schools take ownership of their individual financial liability for the CRC Scheme as opposed to "top slicing" the Dedicated Schools Grant to cover the total liability - question 1 of the consultation refers.

In addition consideration must also be given to how the monies would be recovered from schools should the decision be taken to pass the cost on to them. This would either be by invoice or deduction from the monthly budget share payments – question 2 of the consultation refers.

Results of the Consultation

5. A summary of the responses received is given below.

Question1:

Phase	Agree	Disagree	Total
Primary	28	3	31
Secondary	3	4	7
Special	0	0	0
Total	31	7	38

Question 2:

Phase	By invoice	By deduction from monthly SBS payments	Total
Primary	9	21	30
Secondary	4	3	7
Special	0	0	0
Total	13	24	37*

* One school abstained from responding to question 2

6. Several schools made comments and these are included in Appendix 1 attached to this report.

Other considerations

7. Some schools have expressed concern that their efforts to implement energy saving initiatives to reduce their emissions are being compromised by the decline in capital grant. The lack of available resource to tackle the issue will be exacerbated if they are expected to address their individual financial liability.
8. If schools take on their individual financial liability for the CRC scheme, this may not be perceived as being fair and equitable given the diverse range of school buildings in use.
9. The consultation drew a limited response from schools which could be indicative of a general lack of knowledge regarding the carbon agenda and the inherent implication for schools. Consideration should be given to additional support and methods that could be employed to further engage schools.
10. The Academies Act 2010 separates local authorities from academies but the CRC scheme requires councils to be responsible for scheme administration and purchasing allowances for such trust corporations. The effect is that councils will have to meet the cost imposed by academies with no means of controlling the liability (local authorities cannot require action to reduce carbon emissions).

Concerns have been raised on the grounds that local budgets for maintained schools will effectively be subsidising academy related CRC allowances.

Since the CRC scheme began in 2010, a number of aspects have been criticised by stakeholders and a simplified scheme will be introduced from phase two onwards (April 2013). In early 2012, draft legislative proposals for formal public consultation are to be published which will amend the existing CRC scheme including the treatment of academies.

Although the Commercial Transfer Agreement for recent academy conversions includes a clause to enable the local authority to recharge academies for allowances and fines, in the case of the earlier conversions this was not a consideration and the local authority will have to rely on goodwill.

Proposal

11. That the Local Authority's Scheme for Funding Schools is amended to require schools to take ownership of their individual financial liability for the CRC Scheme as opposed to "top slicing" the Dedicated Schools Grant to cover the total liability.
12. That the associated school's costs are recovered by deduction from the monthly budget share advances in one lump sum annually.

Recommendations

13. That the proposed amendments to the Scheme for Funding Schools are adopted.

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Unpublished documents relied upon in the production of this Report: NONE

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Appendices:
Appendix 1- comments from schools