



OVERVIEW AND SCRUTINY COMMITTEE

Subject Heading:

Update on the Carbon Reduction Commitment and Energy Saving Measures

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Policy context:

The Carbon Reduction Commitment is a statutory obligation placed upon the council as part of the Climate Change Act (2008) and subsequent CRC Energy Efficiency Scheme (2010) to reduce carbon emissions and improve energy efficiency.

The council has a climate change strategy to save energy and reduce its carbon footprint and in turn the amount of carbon credits it needs to purchase.

SUMMARY

The Council is complying with the CRC Energy Efficiency Scheme obligation to report its energy usage to the Department for Energy and Climate Change. Its total carbon allowance bill for 2011/12, which was paid for from the Council's 2012/13 budget, was £280k.

The Council has made good progress over the last year in the delivery of its climate change strategy and action plan, which will help to reduce the cost to the Council in purchasing CRC allowances in the future, as well as reducing our overall 'carbon footprint'.

RECOMMENDATIONS

There are no recommendations arising from this report, it is for noting only.

REPORT DETAIL

1. Background

- 1.1 This report provides Members with an update on the Carbon Reduction Commitment and the actions which the council has taken to improve its energy efficiency this year.

2. Carbon Reduction Commitment

- 2.1. The Carbon Reduction Commitment (CRC) is a mandatory scheme aimed at improving energy efficiency and cutting emissions in large public and private sector organisations. Together, these organisations are responsible for around 10% of the UK's emissions. Organisations with energy usage of over 6 million kWh are obliged by law to report their energy consumption figures back to the Department for Energy and Climate Change. They are then required to purchase 'carbon credits', the charge for which is calculated according to their consumption.

The scheme features a range of reputational, behavioural and financial drivers, which aim to encourage organisations to develop energy management strategies that promote a better understanding of energy usage.

A performance league table, prepared by the Department for Energy and Climate Change, ranks the council alongside all the other public and private sector organisations required to partake in the CRC.

2.2 Carbon credits purchased by LBH

- 2.2.1 The scheme places an obligation on local authorities to purchase allowances to cover their 2011/12 emissions at the end of the 2011/12 compliance year. For LBH, our total emissions in 2011/12 was **23000 tonnes**. The total carbon allowances paid by the council for 2011/12, which came out of the 2012/13 budget, was £280k.

- 2.2.2 Of this 60%, £168k, was related to carbon emissions from schools. Under the current scheme the local authority is responsible for purchasing the carbon allowance for schools in their area, this includes academies. The schools element is paid for from the Delegated Schools Grant (DSG).

- 2.2.3 It is worth noting that the Council's carbon emissions (excluding schools) for 2011/12 were down by 10% compared to 2010/11. This has been achieved through the reduction of buildings through the Corporate Office Property Strategy, which saw the discontinued use of Scimitar house, Whitworth Centre etc, and a range of energy efficiency measures implemented.
- 2.2.4 The CRC is under review by the Government as part of a consultation into simplifying the scheme. However it is very likely to be still in place for next year with a few simplification changes. How schools are dealt with, including who is responsible for their CRC charges, may change following this consultation.

3. Energy Efficiency measures update

- 3.1 In line with its commitment to reduce its carbon footprint set out in the climate change strategy, as well as the need to reduce the financial cost of having to purchase carbon credits, the Council has delivered a range of energy saving measures over the last year.
- 3.2 The main focus has been on lighting (buildings and street lighting), which accounts for approximately 45% of the Council's total electricity consumption.
- Energy efficient Light Emitting Diodes (LED) have been installed in the Town Hall and all subways also now have LED lighting installed. LED lights use up to 75% less energy than conventional light sources and last up to ten times longer. LED lighting are an excellent 'invest to save' investment, and have an average simple payback of 5.5 years.
 - All road signs under the control of the Council (but not those controlled by the Highways Agency) are now lit by LEDs and operate only dawn to dusk, instead of a 24 hour operation, which is a more efficient use of energy.
 - The Angel Way multi-storey car park is now lit completely by LED lighting.
 - Four schools/academies have also undertaken lighting conversion to LEDs
- 3.3 Of the £486k that the Council has spent on energy efficiency projects (paid for through the Climate Change earmarked reserve) between 2010 and 2012, an saving of £88k per annum in energy costs has already been realised.
4. The Energy Strategy Team are now developing a business case to reduce the costs of street lighting by investing in new LED technology, which will also make street lights brighter, helping to make people feel safer in the dark.

IMPLICATIONS AND RISKS

Financial implications and risks:

Carbon Reduction Commitment

The Council's CRC 'charge' for 2011/12 amounted to £280k. This was budgeted for corporately. It is anticipated that this figure may rise next year due to changes in the calculation of the charge, which this year did not include street lighting, and this is being budgeted for.

The Government is currently consulting on the CRC scheme, and this may also have an impact on the total amount the council is liable for, including provision for schools. Officers are monitoring this situation closely.

Energy Efficiency

In 2009, the Cabinet allocated £880k to a dedicated capital reserve to support the implementation of the climate change action plan. This was also accompanied by £50k as an earmarked revenue reserve to support the Council's proactive energy efficiency programme on an invest-to-save basis. The provision of capital funds has enabled the council to obtain a further £250k external funding from Department of Energy and Climate Change's Salix fund. The Council's own budget and that of Salix are used as a recycled pot of funding, by which energy savings are recycled back into the capital pot to enable further projects to be carried out.

To date, £486k has been spent, with £394k remaining. From this, at least £88k annual savings have so far been generated.

Legal implications and risks:

The Council must comply with statutory Carbon Reduction Commitment Energy Efficiency Scheme (2010), and purchase CRC allowances depending on the Council's total energy consumption for that year, or face significant financial penalties.

Human Resources implications and risks:

There are no HR implications or risks arising from this report.

Equalities implications and risks:

There are no equalities implications or risks arising from this report.

BACKGROUND PAPERS