

SCHOOLS AND THE CARBON REDUCTION COMMITMENT (CRC) TRADING SCHEME

The Carbon Reduction Commitment (CRC) Energy Efficiency scheme

What is the CRC?

The CRC is a mandatory carbon emissions trading scheme commencing April 2010 for large public and private sector organisations in the UK.

It is part of a package of measures within the Climate Change Act, which aims to save over 4 million tonnes of CO₂ by 2020. The scheme uses reputational and financial incentives to secure commitment from participating organisations in achieving this objective.

Organisations have to purchase allowances for every tonne of CO₂ they emit, the income from this sale will then be recycled back to all participants based on their position in a league table

The Role of Schools

The carbon footprint of participating authorities will need to include emissions from any state funded schools under their authority. This includes Maintained, Foundation, Voluntary Aided, Voluntary Controlled, City Technology Colleges, Academy and Trust schools.

The local authority is the CRC participant and so responsible for the legal and financial aspects of the scheme. However a 'reasonable assistance' duty will be placed on schools requiring them to supply the authority with energy data. In the case of PFI schools, where the PFI company is the counterparty to the energy supply contract, the energy use will be attributed to the PFI company.

It is crucial therefore that systems and procedures are in place to collect, collate and analyse this data.

Authorities need to use primary documents in their evidence packs of carbon emissions.

Schools could request annual statements from their energy suppliers.

Standard unmetered supplies (UMS) billing methodology is considered to be 'estimates'. An upward adjustment factor of 10% will be applied to all estimated consumption.

Authorities will need to make schools aware that this information is required, and to encourage actual meter readings to be undertaken rather than estimates. Schools will also need time to collate this information and/or request annual energy statements from their suppliers.

Sharing of costs and benefits between schools and LAs

The Government will encourage but not require the sharing of costs and benefits between schools and local authorities.

The DCSF proposal to change the school finance regs from 2011/12 <http://www.teachernet.gov.uk/docbank/index.cfm?id=13963> states that DSG cannot be used to purchase allowances for CO2 emissions from schools.

This then leads to issues of cross subsidy between the DSG and general fund. There are considerations of loss of interest and / or the cost of borrowing depending on the position of a local authorities cash flow.

The DCSF proposal to change the school finance regulations state :

To incentivise schools to reduce their energy consumption, DCSF proposes to amend the Schools Finance Regulations in 2011-12 to enable local authorities to charge any loss attributable to schools to the Schools Budget. Authorities will be able to treat this sum as centrally held expenditure but will be allowed, if they wish, to use a formula factor to apportion the loss among schools according to their individual performance.

Singling out individual schools may lead to difficult relationships and also to issues of challenge from the schools concerned particularly if the school building is in a state of poor repair and little can be done to minimise energy inefficiency. In addition there is little point in spending valuable budget on energy efficiency measures for those schools that are due under the BSF programme for example to be rebuilt in full or part in the near future.

It is also worth remembering that any formula factor that is included will be replicated in an authority's academy funding.

One difficulty with this proposal is the complexity of the calculation in establishing the 'loss attributable to schools'. As the league table bonus/ penalty calculation is based on the total sum of revenue from purchased allowances, the removal of schools from this total will change the bonus/penalty percentages. Another issue may be a 'disbenefit' attributable to schools i.e. if the bonus could have been higher without the inclusion of schools.

On the issue of bonuses the proposal to the regulations state *"If schools have contributed to an authority gaining money through the carbon trading scheme Local Authorities will be encouraged to ensure that the gain due to schools should be added to the Schools Budget and perhaps used to help schools which made the greater savings. However, this money would be outside the Dedicated Schools Grant so that will be a matter for local decision and agreement"*.

Assuming that costs / benefits are shared right down to individual school level the methodology to calculate this distribution will need to be agreed.

Any bonus/penalty sharing scheme will involve some data analysis by the authority, and authorities need to ensure they have the resources and skills to implement this.

A separate league table for schools would ease the burden in terms of identifying any losses/ dis-benefits / bonuses attributable to schools, however the Department of Energy and Climate Change (DECC) have confirmed that this will not be the case.

Summary

Key Issues and Implications of the CRC and Schools

Schools need to be convinced to introduce energy saving measures that will contribute towards the national CO2 reduction targets and also to secure their authority's position in the upper half of the league table.

This can be done through a combination of financial, environmental and reputational incentives.

School autonomy, particularly that of academies may mean the authority faces a difficult task in encouraging collaborative working and having any influence over energy decisions in the school.

Financial drivers such sharing bonus or penalty payments are likely to motivate schools to examine this agenda in detail.

The local authority will face an administrative burden in collating and analysing data to establish the most energy efficiency buildings and whether good practice in one school can be replicated across others.

Data collection may be a challenge where meters are shared with other non school users or where the meter reading / bill is in dispute.

Organisations will be audited based on an assessment of risk, it is estimated the administrators of the scheme (The Environment Agency) will audit 20% of participants per annum. There are civil penalties for non compliance and it is still been debated whether these can be charged direct to schools if schools are responsible for the non compliance i.e. incorrect data

Do schools have the resources to tackle energy efficiency?

Useful Information and Further Reading

http://schools.becta.org.uk/index.php?section=re&catcode=ss_res_env_02&rid=16059

Becta has practical tips for reducing schools ICT carbon footprint

<http://www.teachernet.gov.uk/management/resourcesfinanceandbuilding/schoolbuildings/sustainability/renewableenergy/carbontargets/>

Carbon Targets for New Build Schools

<http://www.carbondetectives.org.uk/content/home/toolkit/energywater>

Toolkit for staff on reducing school emissions

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