



Walsall Children's Services

Report to: Schools Forum

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Subject: Carbon Reduction Commitment (CRC) Energy Efficiency Scheme.

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Purpose of the report: To update the Schools Forum on recent updates to the CRC Energy Efficiency Scheme for schools.

Recommendation: Schools Forum note the content of the report.

1. Background

- 1.1** Schools Forum were presented with a report outlining the CRC Energy Efficiency Scheme on 29 September 2009.
- 1.2** Members of the Forum requested further information and required the opportunity to discuss the forthcoming scheme with a member of local authority's Energy Conservation Unit

2. Update to the CRC

- 2.1** The first year of the scheme, April 2010 to March 2011, will now be a reporting year only - there will be no requirement to buy emissions allowances.
- 2.2** Also, the first sale of allowances in April 2011 will now only require schools to purchase allowances for the year ahead i.e. April 2011 to March 2012 and no longer for the previous year as well i.e. April 2010 to March 2011.
- 2.3** The double sale and recycle of payments has been scrapped thus reducing initial cash flow burden.
- 2.4** School's financial commitment for 2011/12 will now be around £276,000.
- 2.5** The weighting of the metrics in the second year league table has changed, in favour of early action. Early action metrics get a greater league table weighting for year 2, increased to 40% rather than the previous 20% i.e. 100% in the first year, 40% in the second year and 20% in the third year.
- 2.6** Organisations which have demonstrated commitment to reducing their emissions either by achieving the Carbon Trust Standard or installation of Smart Metering can use this to be counted towards the Early Action metric.
- 2.7** Schools must be treated as a group for the application of the 90% de-minimis rule, removing the option of de-minimis at individual school level.
- 2.8** The CRC is now officially branded as the CRC Energy Efficiency Scheme, reflecting the Government's desire for this legislation to drive Energy Efficiency.

3. Next Steps

- 3.1** The CRC is a very complex scheme. CIPFA are undertaking a major study at the moment to assess the potential impact for local authorities and schools, including processes, management of information, strategic planning and financial impacts.
- 3.2** The DCSF will be undertaking consultation regarding the amendment of the School Finance Regulations. Current proposals are that initial CRC credits would be purchased by the local authority, but any loss under the scheme attributable to

schools would be recharged to the Schools Budget. Such losses could be met from central expenditure or allocated to individual schools through a formula factor. This is a simple explanation of a complicated system. There is a vast amount of detail to go through and considerations to be made before any local proposals are presented. There will be guidance issued to local authorities and upon receipt of this, the impact on schools will be assessed and duly reported.