

Finance and Resources Committee

10.00am, Thursday, 17 March 2016

Carbon Reduction Commitment Handbook

Item number	7.8
Report number	
Executive/routine	
Wards	

Executive Summary

This report seeks Committee's approval for a Carbon Reduction Commitment Handbook for the Council in compliance with Internal Audit's review of the Council's compliance with the Carbon Reduction Commitment Scheme.

The Carbon Reduction Commitment (CRC) Handbook is appended.

Links

Coalition pledges	P50
Council outcomes	
Single Outcome Agreement	SO4

Carbon Reduction Commitment Handbook

1. Recommendations

- 1.1 The Committee approves the CRC handbook.
- 1.2 The Committee agrees that the Handbook is reviewed and updated on an annual basis to ensure it is in line with current legislation.
- 1.3 A CRC financial report is considered by this Committee annually following submission of the Council's annual CRC report to the Environment Agency.

2. Background

- 2.1 The scheme came into force in April 2010 under the CRC Energy Efficiency Scheme Order 2010. It is a mandatory reporting scheme to improve energy efficiency in large public and private organisations. Organisations that meet the qualification criteria must register with the CRC Registry which is administered by the Environment Agency. Qualifying organisations have to comply legally with the scheme or face financial and other penalties.
- 2.2 Organisations that participate are required to monitor their energy use and report their energy supplies annually. This annual report must be submitted by the end of July based on the energy consumed in the previous period from 1 April to the 31 March.
- 2.3 Participants must purchase and surrender allowances to cover their emissions. Allowances can either be bought at annual fixed price sales or traded on the secondary market. One allowance must be surrendered for each tonne of CO₂ emitted.

Internal Audit in 2015 reviewed the procedures the Council has in place with respect to compliance with the scheme. One of the key recommendations of the audit findings was the preparation of a CRC Handbook for the Council, setting out key responsibilities, actions and timescales to ensure Council compliance with the scheme.

3. Main report

- 3.1 Internal Audit's final report specifically requested a number of key elements be clearly defined in the handbook. These are:
 - 3.1.1 An individual officer with management ownership for the CRC Scheme;

- 3.1.2 Requirements of the scheme around the roles, responsibilities and internal pre-submission and post submission reporting requirements;
 - 3.1.3 The membership of a CRC group to have responsibility for oversight and monitoring of the data collation and annual report submission;
 - 3.1.4 Process map of CRC requirements supported by procedure notes for each role in the scheme;
 - 3.1.5 Segregation of duties between those collating the data and the submission of the final report;
 - 3.1.6 Independent audit of the data reported and allowances purchased; and;
 - 3.1.7 Monitoring of the effectiveness of the scheme in connection with carbon usage reduction projects
- 3.2 The handbook identifies the Corporate Finance Senior Manager (Resources Directorate) with overall management responsibility for the Council's compliance with the scheme, sets out the key Council officer roles and the membership and remit of a CRC working group.
- 3.3 The handbook will be reviewed annually to ensure that it reflects current legislation and will be updated as required to reflect any changes as a result of the Transformation Programme.
- 3.4 The Council's CRC compliance costs for 2014/15 were £1.146 m (based on £15.60 per tonne of carbon). A reduction in the Council's carbon footprint (across street lighting and the property portfolio) could reduce this cost, depending on the annual increases applied to CRC tonnage costs. In order to mitigate against potential future increases the Council needs to promote energy efficiency in buildings and street lighting.
- 3.5 Following submission of the annual report to the Environment Agency, a financial report providing an overview of the most recent CRC report submitted, allowances surrendered and the carbon allowance purchasing strategy for the forthcoming year will be considered by this Committee.

4. Measures of success

- 4.1 The establishment of a CRC working group to implement the tasks as set out in the handbook.

5. Financial impact

- 5.1 The implementation of the tasks in the handbook should lead to greater awareness of the Council's CRC tax burden amongst key officers and the need for ongoing action to mitigate any future rising costs.

6. Risk, policy, compliance and governance impact

- 6.1 Implementation of the handbook will assist the Council's with CRC Scheme compliance.
- 6.2 Governance in relation to compliance with the CRC scheme across the organisation will be consolidated.

7. Equalities impact

- 7.1 There are no equalities impacts associated with the content of this report.

8. Sustainability impact

- 8.1 The impacts of this report in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties have been considered. In summary, the proposals in this report will help achieve a sustainable Edinburgh because they improve governance of Council action to manage compliance with legislation.

9. Consultation and engagement

- 9.1 Consultation has taken place with Finance and Corporate Property officers.

10. Background reading/external references

Environment Protection Agency [CRC Phase 2 guidance \(2015\)](#).

Hugh Dunn

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11. Links

Coalition pledges	P50 Meet greenhouse gas targets, including the national target of 42% by 2020
Council outcomes	
Single Outcome Agreement	SO4 Edinburgh's communities are safer and have improved physical and social fabric
Appendices	Appendix 1: Carbon Reduction Commitment Handbook

CARBON REDUCTION COMMITMENT HANDBOOK

Paper for: Finance & Resources
Committee

Subject: Carbon Reduction
Commitment

Document Version: 0.1

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Date Presented: 17 March 2016

Action Required: For Approval

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PURPOSE

The aim of the Carbon Reduction Commitment (CRC) Management Handbook is to communicate the processes, governance arrangements and reporting requirements of the City of Edinburgh Council's compliance with the CRC scheme.

The intended audiences are:

- **For action:**
Identified managers (to supply compliance data, supporting information, audit overview, progress reports etc);
- **For information:**
Corporate Leadership Team, Heads of Service.

The handbook will define clear and simple arrangements that are consistently applied, thus improving the standard of information available for decision making while minimising the amount of time taken up with reporting and project administration.

1. BACKGROUND

The [CRC Energy Efficiency Scheme](#) is a UK government scheme. The scheme came into force in April 2010 under the CRC Energy Efficiency Scheme Order 2010, being replaced by the CRC Energy Efficiency Scheme Order 2013. It is designed to improve energy efficiency and cut carbon dioxide (CO₂) emissions in private and public sector organisations that are high energy users.

The Scottish Environment Protection Agency (SEPA) oversees the scheme in Scotland.

Qualification for the scheme is based on electricity usage. Organisations will qualify if they consumed over 6000 megawatt hours (MWh) of qualifying electricity through settled half hourly meters¹. For the purposes of reporting, electricity and gas (where the gas is used for heating purposes) are the only reportable energy supplies for CRC purposes. For more information on the qualification criteria for electricity and gas please see [CRC Phase 2 Guidance](#) (Page 10).

The CRC scheme is divided into phases. Phase 2 runs from April 2014 to March 2019. Each phase is divided into compliance years which run from 1 April to 31 March.

The scheme carries significant financial penalties if a qualifying organisation does not:

- Register
- Disclose information on registration
- Submit an Annual Report on time
- Provide accurate information or notifications (in relation to registration or designated change)
- Provide an accurate Annual Report;
- Surrender allowances; and

¹ Such meters are defined in the CRC as performing two functions; measuring electricity supplied to a customer on a half hourly basis for billing purposes and measuring electricity for the purposes of balancing the loads on the grid in respect of the wholesale electricity market.

- Maintain an evidence pack

More information on penalties can be found in Appendix 1.

2. SCOPE

This handbook will clearly define:

- Key roles and responsibilities as required by the CRC scheme;
- The individual officer with day to day management ownership for the CRC Scheme within the Council;
- Requirements of the scheme around the roles and responsibilities (including management, data provision, audit and report submission);
- Internal pre-submission and post submission reporting requirements;
- Membership of a CRC group and the group's responsibilities;
- Process maps of requirements supported by procedure notes for each role;
- Key stage requirements (milestone calendar) to ensure compliance with the scheme.
- Opportunities/ linkages with carbon reduction projects.

3. GOVERNANCE STRUCTURE

All participants that are eligible for the scheme must register on line with the Environment Agency. Authorised contacts for each organisation must be provided as part of the registration process.

For City of Edinburgh Council the named **authorised contacts** are as follows:

Senior Officer:	Andrew Kerr, Chief Executive Officer
Primary contact:	Peter Watton, Interim Head of Corporate Property
Secondary contact:	Alison Henry, Corporate Finance Senior Manager
Account representative:	Alison Henry, Corporate Finance Senior Manager
Paul Jones	Energy Manager
Jenny Fausset	Senior Corporate Policy Officer
Finance Administrative contact:	Carol-Ann Wallace

The Corporate Finance Senior Manager will oversee day to day management of the Council's compliance with the scheme.

The following key Council officers play a fundamental role in providing data and overview of the process to ensure that the Council is in a position to meet the scheme's reporting requirements. Key duties will be detailed in the **ROLES & RESPONSIBILITIES** section.

- Corporate Finance Senior Manager
- Energy Manager;
- Carbon and Utility Officer;
- Street Lighting and Traffic Signals Infrastructure Manager;
- Housing Management and Development Manager;
- Housing Property Manager;

- Finance Officers;
- Corporate Policy Officer;

These officers will form the core representation on a 'CRC Working Group' internal to the Council. This will be chaired by the Corporate Finance Senior Manager.

CRC WORKING GROUP REMIT

The CRC Working Group will:

- Meet two or three times per year (or more frequently if deemed necessary by the Chair) to ensure that the Council is fully prepared to submit an accurate Annual Report within the timescales of the scheme;
- Ensure that the required resources and levels of support are provided to meet the requirements;
- Escalate key risks and issues to the Corporate Leadership Team (CLT) as appropriate;
- Provide a representative forum to discuss the effectiveness of current Council policies (e.g. energy efficiency policy) to reduce energy consumption in buildings and where additional opportunities may exist.
- Ensure communication and awareness of CRC and its financial impact across all Service Areas.

The dedicated Carbon and Utility Officer will provide administrative support for this group.

The Corporate Finance Senior Manager will report annually to the CLT from which reports will be presented to the Finance and Resources Committee (and/or, when required Corporate Policy & Strategy Committee/Full Council) as appropriate.

CORPORATE LEADERSHIP TEAM RESPONSIBILITIES:

The CLT will provide a corporate overview of the scheme. This includes

- Approval of Annual Report prior to submission to the Environment Agency;
- Taking cognisance of the impact of CLT decisions on the Council's CRC footprint; and
- Receiving reports from the CRC working group.

LEGAL ADVICE

Legal advice will be requested from time to time to ensure that the Council is fully complying with its legal duties under the CRC Scheme and keeping abreast of any changes to the CRC Energy Efficiency Scheme Order. The Corporate Finance Senior Manager will liaise with the Council's legal team as and when advice is required.

4. ROLES AND RESPONSIBILITIES

Roles and responsibilities are divided into two categories for the purposes of this Handbook.

Firstly, the roles of the authorised Council contacts as registered on the CRC Registry. The authorised contacts are in place to ensure that there is accountability at the most senior level in the organisation for compliance with the scheme.

AUTHORISED CONTACTS

Senior Officer – Chief Executive Officer

The senior officer has overall responsibility for the organisation's compliance with CRC. This means that:

- enforcement and civil penalty notices will be sent to the senior officer;
- the senior officer authorises the primary and secondary contacts and the single or several account representatives to act on behalf of the organisation;
- the senior officer receives notifications of the submission of Annual Reports, and the order, allocation and surrender of allowances;
- the senior officer receives emails from the administrators with information about the scheme

The Senior Officer will sign off the internal audit report prior to the Council's submission of the Annual Report to the Environment Agency.

Primary Contact, Secondary Contact and Account Representative

The primary, secondary and account representative contacts are authorised contacts with delegated responsibility from the Senior Officer. All roles have equal access rights to the CRC Registry. More than one contact is in place to ensure availability of an authorised contact to take the necessary actions within the Scheme deadlines. They can access the CRC Registry to perform the following actions:

- register a CRC account;
- submit Annual Reports;
- notify a designated change;
- change participant equivalent details;
- change primary member/compliance account holder details;
- appoint an agent to act on their behalf; and
- order, transfer and surrender allowances as appropriate.

Currently the Corporate Finance Senior Manager is both the Secondary contact and the Account representative with day to day management of the Council's compliance with the scheme. Should the Corporate Finance Senior Manager not be available the Primary Contact will be the first point of contact.

Finance Administrative Contact

This role is primarily to ensure that the annual subsistence fee is paid. This is £1290 (2015 fee) and the Council will be invoiced in April annually. The fee will be met from the overall budget for compliance with the scheme.

KEY COUNCIL OFFICERS

Secondly, the following Council officers play a fundamental role in ensuring the City of Edinburgh Council complies with the requirements of the CRC Scheme. Their involvement and input to the scheme is mandatory.

CORPORATE FINANCE SENIOR MANAGER

The Corporate Finance Senior Manager has day to day responsibility for the management of the Council's compliance with the CRC Scheme.

Duties include:

- Chairing the CRC Working Group and escalating key risks and issues to the Corporate Leadership Team;
- Requesting the data required for the Annual Report in March each year;
- Overseeing the financial day to day running of the Council's compliance with the CRC scheme;
- Purchase, surrender and paying for carbon allowances within required timescales;
- Submitting the Council's Annual Report to the Corporate Leadership Team;
- Submitting the Council's Annual Report on-line to the Environment Agency,
- Preparing a financial annual report on CRC for CLT and Finance & Resources Committee annually;
- Overseeing the revision and updating of this handbook every six months; and
- Ensuring that the information relating to the Council's compliance with the scheme on the CRC registry is up to date.

ENERGY MANAGER

The Council's Energy Manager has seven key roles with respect to CRC compliance.

The Energy Manager will:

- Collate and validate gas and electricity consumption for Council buildings to be provided as part of the Council's CRC Annual Report;
- Provide a forecast estimate of the following year's consumption to assist finance officers with budget setting;
- Co-ordinate and collate energy data relating to consumption by Street Lighting, stair lighting, traffic signals and property pension portfolio (that qualifies for CRC) for inclusion in the Council's CRC Annual Report;
- Liaise with Finance officers with respect to an independent audit of the energy data relating to buildings prior to inclusion in the Annual Report;
- Provide the Council's CRC footprint data in a finalised version ready for uploading to the on-line Annual Report template;

- Ensure that the Council's CRC Evidence Pack is kept up to date including information on meter breakdowns, change of property ownership, liaison with suppliers, liaison with SEPA, etc. and that this is available for both internal and external auditing purposes;
- Advising Finance officers on the future purchase of carbon allowances based on the pattern of energy consumption in Council buildings in previous years.

The Energy Manager must be familiar with the detailed requirements of the scheme and to any changes to the legislation that may affect reporting requirements. The Energy Manager will also be familiar with CRC requirements as they apply to the classification of energy supplies, including self generation, the process employed for estimated reads, number of meter readings required annually etc. More detailed information is available on the CRC website "[CRC Phase 2 Guidance](#)".

CARBON AND UTILITY OFFICER

The Energy Manager manages the dedicated Carbon and Utility Officer. The Carbon and Utility Officer will support the Energy Manager with the key duties outlined above and in particular will:

- Ensure that the authorised contacts on the CRC Registry are up to date;
- Ensure that the Evidence pack content for the current CRC year is regularly updated;
- Ensure that the Evidence pack for previous years is placed in a secure folder and password protected;
- Be the key liaison with other Council officers identified in this handbook on CRC related tasks;
- Co-ordinate the collation of the data required for the Annual Report to meet legislative requirements;
- Input to the annual revision of the Handbook;
- Support the Corporate Finance Senior Manager with the running of the CRC Working Group.

STREET LIGHTING AND TRAFFIC SIGNALS INFRASTRUCTURE MANAGER

In April 2014, the UK Government included Street Lighting as part of the CRC footprint. The Council is now legally required to report on electricity consumption by Street Lighting.

Therefore the Council's Street Lighting and Traffic Signals Infrastructure Manager must provide:

- Supply Certificates for all unmetered supplies (excluding festive lighting);
- Annual or monthly supplier statements detailing consumption for audit trail/evidence pack;
- MPANs², for all relevant supplies;
- Any validation evidence; and
- Provide a forecast estimate of the following year's consumption to assist finance officers with budget setting.

² Meter Point Administration Number (21-digit reference used in Great Britain to uniquely identify electricity supply points)

This information will be requested by the Corporate Finance Senior Manager at the end of March annually. This information shall be provided to the Energy Manager in order that the Council's total CRC footprint can be collated.

It is the Street Lighting and Traffic Signals Infrastructure Manager's responsibility to ensure that:

- Street Lighting consumption data is provided timeously (there are significant fines if the Council does not submit its Annual Report within required timescales. See appendix 1).
- Street Lighting consumption data is validated and that there is an explanation of the validation process accompanying the data;
- The complete street lighting footprint is included (there are significant fines for incomplete data);
- Street Lighting personnel liaise with Finance Officers in order that an independent audit of street lighting data can be conducted prior to information being included in the Annual Report.

HOUSING MANAGEMENT & DEVELOPMENT MANAGER AND HOUSING PROPERTY MANAGER

There are a few unmetered electricity supplies that are related to Housing that are reportable under the current CRC scheme.

Therefore the Council's Housing Management and Development Manager and the Housing Property Manager must provide:

- Confirmation of Supply Certificates for all unmetered housing supplies (00 & 03-08 profile classes);
- Annual or monthly supplier statements detailing consumption for evidence pack;
- MPANs and profile classes for all relevant supplies;
- Evidence of validation undertaken; and
- Provide a forecast estimate of the following year's consumption to assist finance officers with budget setting

This information will be requested by the Corporate Finance Senior Manager at the end of March annually. This information must be provided to the Energy Manager in order that the Council's total CRC footprint can be collated. Any delay in receiving this information will result in either delays in finalising the Annual Report (there are significant fines if the Council does not submit its Annual Report within required timescales), or errors in the validation exercise.

It is the responsibility of both the Housing Management and Development Manager and the Housing Property Manager to ensure that:

- Housing Metered and Unmetered consumption data is provided timeously;
- Metered and Unmetered Housing consumption data is validated and that there is an explanation of the validation process accompanying the data;

- The complete metered and unmetered housing footprint (00 & 03-08 profile classes) is included (there are significant fines for incomplete data);
- Housing personnel liaise with Finance Officers in order that an independent audit of housing data can be conducted prior to information being included in the Annual Report.

STREET LIGHTING AND TRAFFIC SIGNALS INFRASTRUCTURE MANAGER

In April 2014, the UK Government included non domestic unmetered supplies as part of the CRC reporting footprint. The Council is now legally required to report on electricity consumption by all street lights and traffic lights.

Therefore the Council's Street Lighting and Traffic Signals Infrastructure Manager must provide:

- Supply Certificates for all related unmetered supplies;
- Annual or monthly supplier statements detailing consumption for audit trail/evidence pack;
- MPANs, for all relevant supplies;
- Evidence of validation undertaken; and
- Provide a forecast estimate of the following year's consumption to assist finance officers with budget setting

This information will be requested by the Corporate Finance Senior Manager at the end of March annually. This information must be provided to the Energy Manager in order that the Council's total CRC footprint can be collated. Any delay in receiving this information will result in either delays in finalising the Annual Report (there are significant fines if the Council does not submit its Annual Report within required timescales), or errors in the validation exercise.

It is the Street Lighting and Traffic Signals Infrastructure Manager's responsibility to ensure that:

- Street lighting and traffic light consumption data is provided timeously;
- Street lighting and traffic light consumption data is validated and that there is an explanation of the validation process accompanying the data;
- The complete Street Lighting and Traffic Light footprints are included (there are significant fines for incomplete data);
- Street Lighting and Traffic Lighting personnel liaise with Finance Officers in order that an independent audit can be conducted prior to information being included in the Annual Report.

NON METERED SUPPLIES

As part of the changes to the CRC scheme in 2014, all non-domestic supplies not covered by street lighting, housing and transport must be reported. In addition the responsibility for sourcing information and reporting on additional unmetered supplies is the responsibility of Energy Manager.

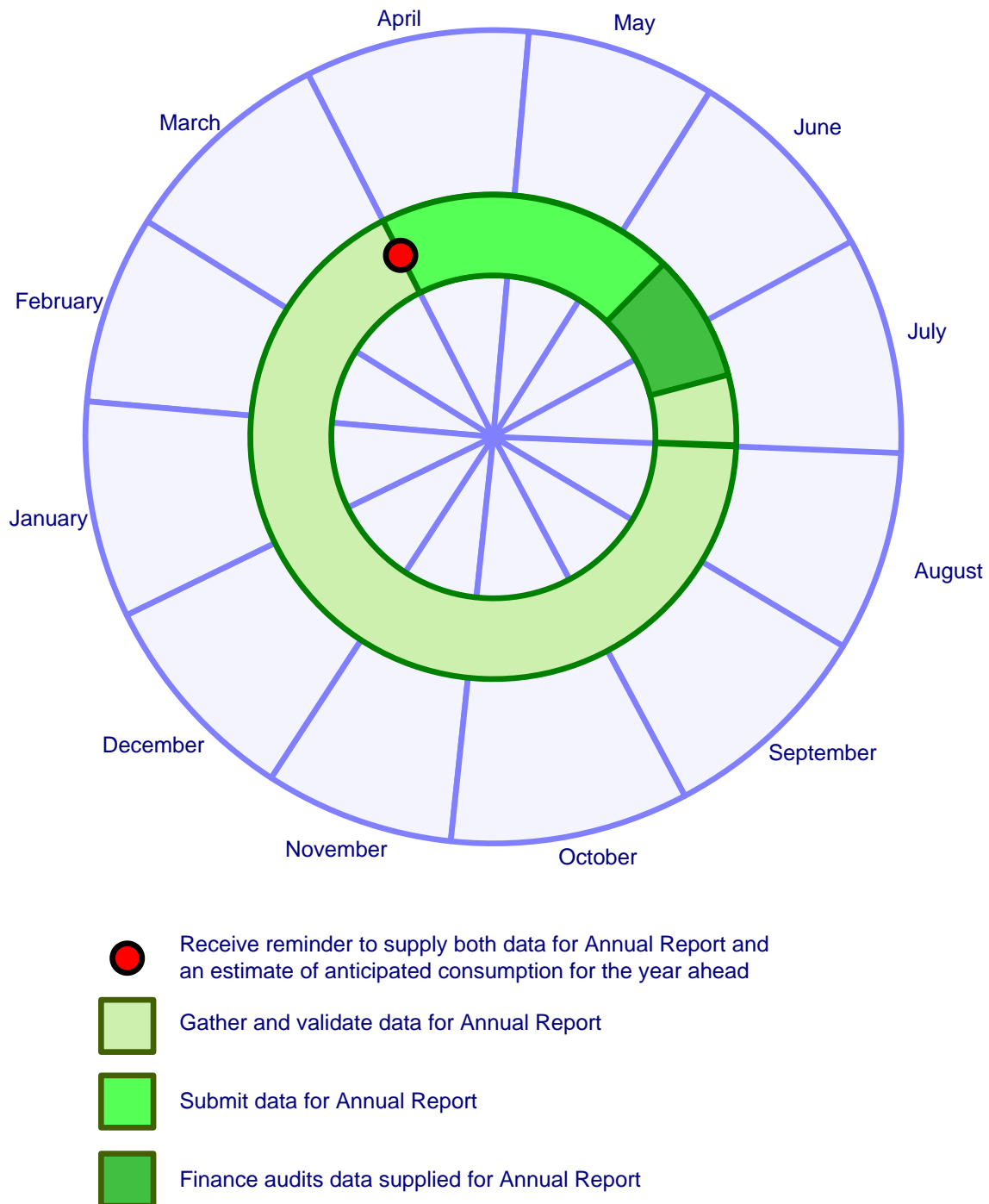
Therefore the Council's Energy Manager must record in the evidence pack:

- Supply Certificates for unmetered supplies not covered by Housing, Transport or Housing
- Annual or monthly supplier statements detailing consumption for audit trail/evidence pack;
- Consumption data will be validated using the Energy Management System.

Unmetered supplies are part of the Council's wider invoicing and included on the electronic billing files provided by the service providers. These files are imported and processed by the Council's Energy Management System (EMS).

FIGURE 1 below outlines the key tasks over any 12 month period as it relates to Council officers who provide data.

Figure 1 Data providers' key tasks



FINANCE OFFICERS

Finance officers have a key role to play with respect to the financial management associated with the scheme and ensuring that the Council meets the reporting timescales necessary to comply with the scheme.

CORPORATE FINANCE SENIOR MANAGER

The Corporate Finance Senior Manager will:

- Chair the CRC Working Group and escalate key risks and issues to the Corporate Leadership Team;
- Requesting the data required for the Annual Report in March each year;
- Oversee the financial day to day running of the Council's compliance with the CRC scheme;
- Purchase, surrender and pay for carbon allowances within required timescales;
- Submit the Council's Annual Report to the Corporate Leadership Team;
- Submit the Council's Annual Report on-line to the Environment Agency, and
- Prepare a financial annual report on CRC for CLT and Finance & Resources Committee annually.

FINANCE OFFICERS will:

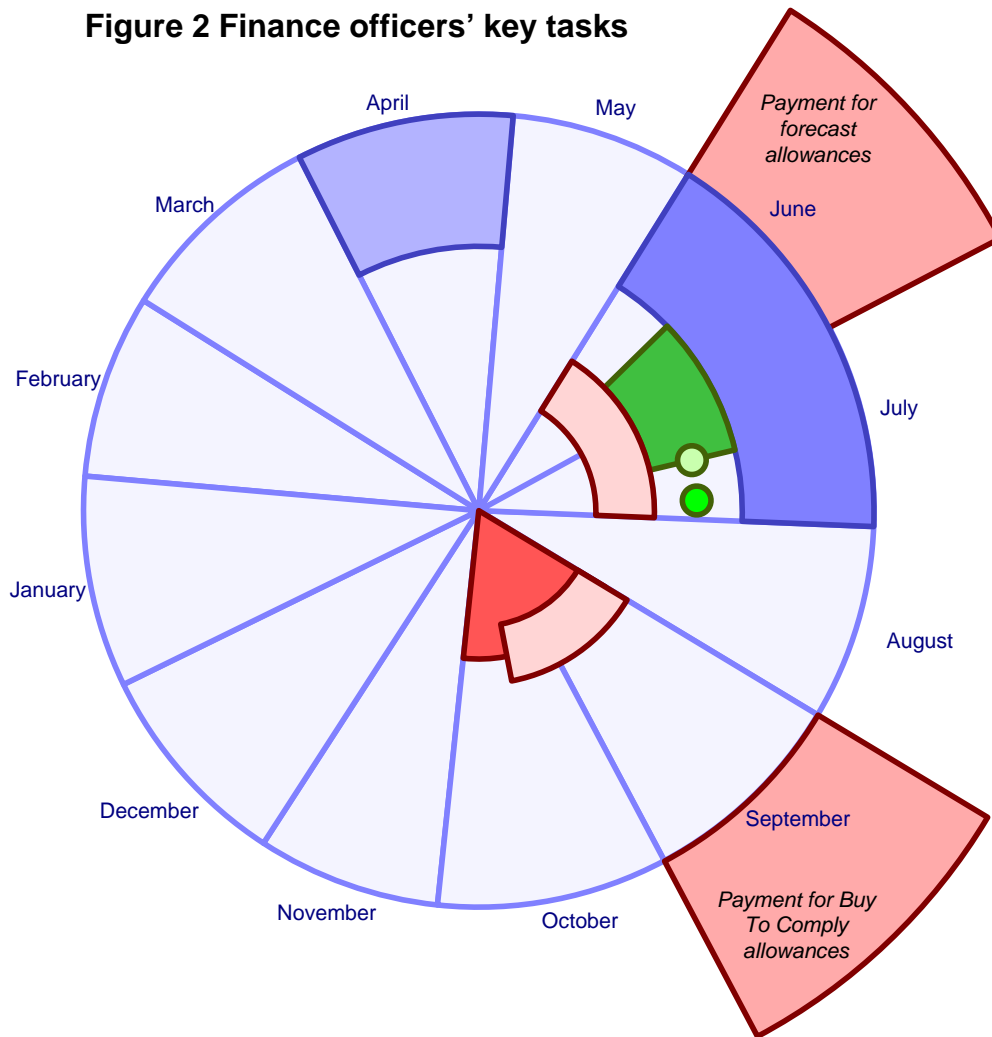
- Audit data (street lighting, housing, traffic signals, unmetered supplies) for the Annual Report prior to being submitted to the Environment Agency;
- Monitor and verify the Evidence Pack structure and content annually;
- Prepare a strategy setting out the Council's approach to the purchase of carbon allowances going forward;
- Support the Corporate Finance Senior Manager; and
- Liaise with the Carbon and Utility Officer as appropriate.









Proof that the audit has taken place must be logged in the Council's Evidence Pack annually. Finance officers have been assigned to this task. The audit will include a review of all scheme documentation, verification of a representative sample of source data (provided by the Energy Manager, Street Lighting Manager, Traffic and Engineering (Maintenance) Manager & Housing Asset Management Manager) and an independent assessment of progress in addressing recommendations if an external audit has been recently conducted. This audit must take place prior to information being submitted as part of the Annual Report and must be signed off by the Senior Officer. It should also be made available for external auditing purposes.

The carbon allowance purchasing strategy will take appropriate account of risk and incorporate, in particular, consideration of the financial savings arising from advance purchase with the opportunity cost of interest foregone and/or additional borrowing costs.

Figure 2 overleaf depicts the key tasks for Finance officers over any 12 month period.

Figure 2 Finance officers' key tasks



- | | | | |
|---|---|---|--|
|  | Order Forecast Allowances |  | Order Buy To Comply Allowances |
|  | Pay for Allowances |  | Receive Allowances |
|  | Audit the data supplied for Annual Report |  | Surrender Allowances |
|  | Submit Annual Report to Council Leadership Team |  | Submit Annual Report to Environment Agency |

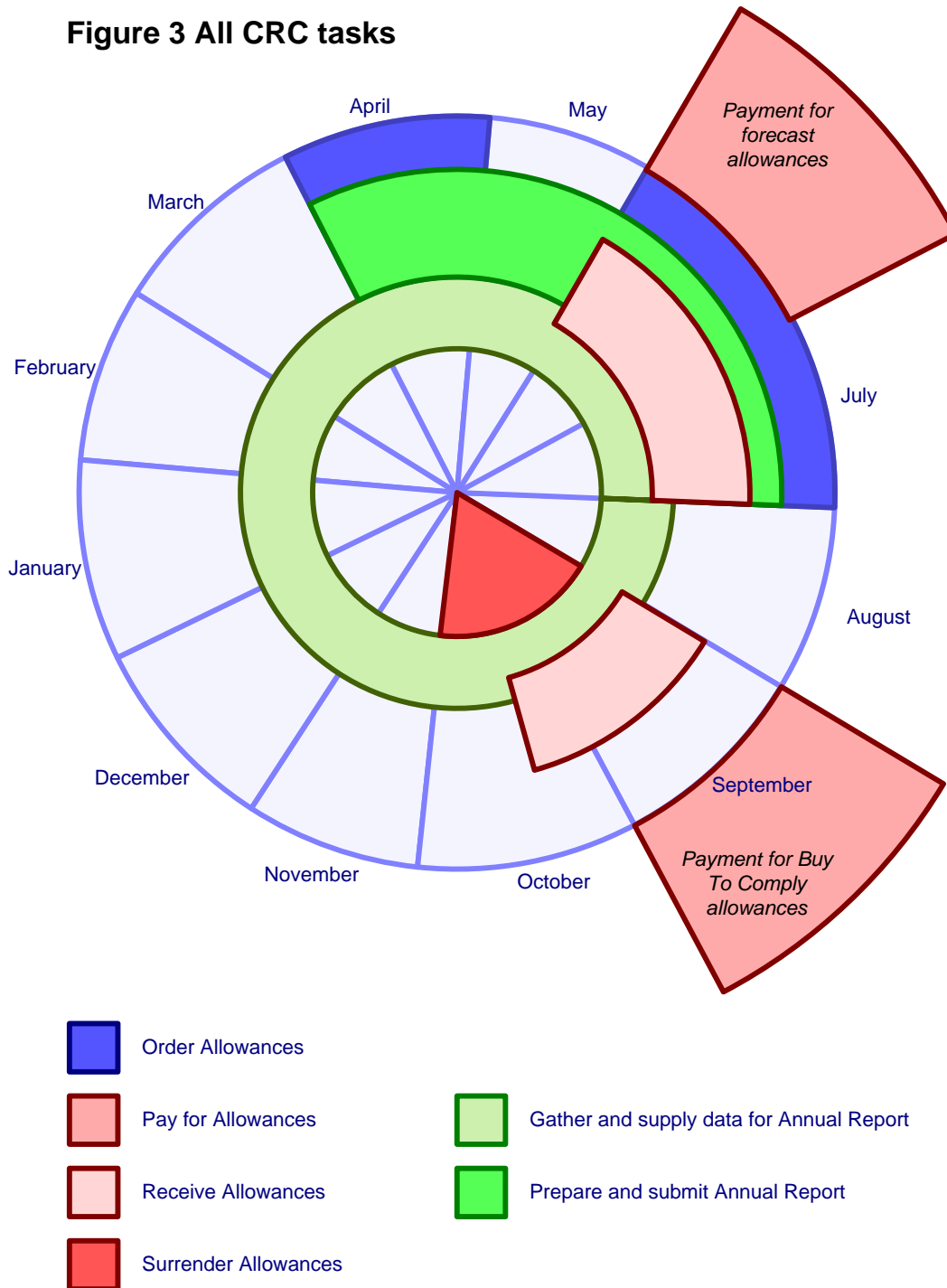
CORPORATE POLICY OFFICER

A Corporate Policy Officer will ensure that linkages are strengthened between the Council's compliance with the scheme and key Council policies, carbon management plan and the Council's mandatory reporting requirements under the Climate change (Scotland) Act 2009. The designated Corporate Policy officer will attend meetings of the CRC Working Group.

5. SCHEME REQUIREMENTS & KEY MILESTONES

Figure 3 summarises the key milestones and requirements for the scheme over any 12 month period.

Figure 3 All CRC tasks



Each year the Council must order, pay for and surrender allowances to cover its annual CRC emissions as set out in its Annual Report for that year. Table 1 sets out the deadline dates.

TABLE 1: Deadlines for the ordering, payment, allocation and surrender of CRC allowances

Action required	Annual deadline
Order forecast sale allowances	1 April to 30 April
Payment for forecast sale allowances	2 June to 20 June
Allocation of forecast sale allowances	2 June to 15 July
Order buy to comply sale allowances	2 June to 31 July
Payment for buy to comply sale allowances	1 Sept to 19 Sept
Allocation of buy to comply sale allowances	1 Sept to 15 October
Surrender of allowances	Last working day in October

Each year there will be two fixed price Government sales of **allowances** – one forecast sale at the beginning of the year, and one buy to comply sale after the end of the reporting year. The price at the forecast sale will be lower than the price at the buy to comply sale, giving participants an incentive to forecast their emissions before the start of the year and buy allowances in advance. However, participants have the choice to purchase allowances at either sale and also have the option of hedging risks by trading allowances. Forecast sale allowances are valid for all compliance years from the year in which they are sold for the rest of the phase. They are not valid to meet the surrender obligation for previous compliance years.

Buy to comply allowances are valid retrospectively for the compliance year just ended (31 March) and for any subsequent year in the phase.

Finance staff will take this into account as part of the Council’s Carbon Allowance Purchasing Strategy.

More detailed information is available on the CRC website “[Guidance to Phase 2](#)”.

ANNUAL REPORT

Every year before the 31 July, each participating organisation must submit an Annual Report. The Annual Report is completed and submitted on-line. All information relating to the organisation must be up to date on the CRC registry prior to the submission of the report.

An example of an Annual Report is appended for information (Appendix 2).

The Annual Report will be approved by the CLT prior to being submitted on-line by Corporate Finance Senior Manager.

6. EVIDENCE PACK

To meet record keeping CRC obligations an Evidence Pack must be maintained. The Evidence Pack must contain information that supports and justifies information supplied as part of the registration process and in Annual Reports.

It should also contain information to support any changes to the organisation structure and responsibilities, reporting information, changes that affect data and any excluded uses. The Energy Manager (supported by the Carbon and Utility Officer) will be responsible for ensuring that all information relating to data required as part of the scheme is recorded and filed in the Evidence Pack. Supporting evidence will be reviewed at meetings of the CRC Working Group.

There is no prescribed format that the Evidence Pack must take. The Council has an on-line based Evidence Pack on the G Drive as part of the Energy Management folder structure. The Evidence Pack structure is based on the format as suggested in the [CRC Phase 2 guidance](#) (Table K.1 Page 142).

A separate Evidence Pack folder is established for each year that the Council has been participating in the scheme. Following the surrender of allowances in October annually the Evidence Pack for the corresponding year will be placed in a secure folder and password protected. This will be the responsibility of the Carbon and Utility Officer.

7. RISKS AND ISSUES LOG

CRC is included on the Council's Risk Register. If there is a perceived risk that key milestones are not going to be met and that subsequently the Council will incur financial penalties, the risk will be raised by the Corporate Finance Senior Manager with the Departmental Risk Officer in the first instance and escalated to a quarterly Risk Committee if appropriate thereafter. Depending on the level of risk, in consultation with the Risk Officer the risk will be escalated by the Corporate Finance Officer to CLT.

8. CRC LINKAGES TO KEY COUNCIL POLICIES, PLANS AND OTHER LEGISLATION

Energy Policy for Council Buildings

This [policy](#) aims to manage energy effectively in Council buildings, stair and street lighting and in doing so reduce the Council's carbon emissions. The effective implementation of this policy will assist in reducing the financial impact of the Council's compliance with the CRC Scheme.

Council's Carbon Management Plan

The [Council's Carbon Management Plan](#) 2015/16 – 2020/21 sets out the Council's actions to reduce carbon emissions by 2020/21 and in doing so meet a 42% carbon reduction target. Reductions will be met through a range of projects including energy reduction, fleet, procurement, waste and behavioural change projects. The effective reduction of energy consumption will reduce the Council's carbon footprint as well where relevant reduce the financial impact of the Council's compliance with the CRC Scheme.

Public Bodies Climate Change Duties (Climate Change (Scotland) Act 2009

In 2015 the Scottish Government enacted powers within the Climate Change (Scotland) Act 2009 to introduce a mandatory Public Bodies Duties reporting requirement. The first mandatory report deadline is 31 October 2016. This report requests details of the Council's governance arrangements with respect to carbon management, carbon emissions reduction projects and carbon footprint year on year.

Service delivery and the impact on CRC

All Service Areas need to be aware of the impact on the Council's CRC liability of decisions taken in the process of service delivery. Awareness of CRC and its close linkage to the Energy Policy, carbon management plan and mandatory carbon reporting shall be raised through the CRC Working Group.

REFERENCES

Environment Agency September 2015 CRC Energy Efficiency Scheme; [guidance](#) for participants in Phase 2 (2014-2015 to 2018-2019).

APPENDIX 1

CRC penalties

The table below details the civil penalties that can be applied for non-compliance with the CRC Order.

Non-compliance	CRC Order	Penalties
Failure to register	Article 73	<ul style="list-style-type: none"> • Immediate fine of £5,000 for failure to register by the deadline • Further £500 per working day for each subsequent working day of delay up to a maximum of 80 working days; and <ul style="list-style-type: none"> • Publication of non-compliance
Failure to disclose information on registration	Article 73	<ul style="list-style-type: none"> • £500 per meter not reported in the registration; and <ul style="list-style-type: none"> • Publication of non-compliance
Failure to submit an Annual Report on time	Article 74	<ul style="list-style-type: none"> • Immediate fine of £5,000 for failure to report by the deadline; and <ul style="list-style-type: none"> • Publication of non-compliance <p>Where the report is provided no more than 40 working days late, also a fine of £500 per working day for each subsequent working day of delay up to a maximum of 40 working days.</p> <p>Where the report is provided after the last working day of October after the end of the applicable year or not at all:</p> <ul style="list-style-type: none"> • £45,000 fine; • CRC emissions to which the Annual Report relates are double the CRC emissions reported in the previous year's report, or where no such report exists, double the CRC emissions determined by the administrator • The participant must immediately purchase and surrender allowances equal to the CRC emissions (including the doubling) • £40 per tCO₂ penalty for each allowance not surrendered by the deadline (penalty is only applicable to the CRC emissions before the figure is doubled) and <ul style="list-style-type: none"> • Transfer of any allowances to third parties is blocked <ul style="list-style-type: none"> • Publication of non-compliance

		<ul style="list-style-type: none"> If the participant fails to comply with the penalty requirement to purchase and surrender allowances by 31 March after the Annual Report was due and continues in the scheme, the unsurrendered allowances will be added to the surrender requirement for the next year.
Failure to provide Accurate information or notifications (in relation to registration or designated change)	Article 75	<ul style="list-style-type: none"> £5,000 fine; and Publication of non-compliance
Inaccurate annual reports	Article 76	<ul style="list-style-type: none"> £40 per tCO₂ of so much of those supplies or emissions that were inaccurately reported; and Publication of non-compliance <p>'Inaccurate' means where any supplies or emissions differ by more than 5% to those that should have been</p>
Failure to surrender allowances	Article 77	<ul style="list-style-type: none"> Participant must immediately acquire and surrender the allowances shortfall £40 per tCO₂ of so much of the emissions represented by the allowances shortfall Transfer of any allowances to third parties is blocked; and Publication of non-compliance <p>If the participant fails to comply with the penalty requirement to surrender sufficient allowances;</p> <p>and</p> <p>continues in the scheme, the shortfall allowances will be added to the surrender requirement for next year.</p>
Later discovered failures to surrender allowances (so long as the error is identified within five years of the submission date for the report containing the error)	Article 78	<ul style="list-style-type: none"> Shortfall allowances will be added to the quantity of allowances required to be surrendered in the next reporting year; and Publication of the non-compliance <p>Where the non-compliant organisation is no longer a participant, a fine is imposed that represents the value of the shortfall allowances. 'Value' means the value of the allowances in the most recent sale of allowances before the shortfall was discovered.</p>
Failure to maintain records	Article 79	<ul style="list-style-type: none"> £40 per tCO₂ of so much of the CRC

<p>in respect of the information used to compile an Annual Report or relevant to any designated change</p>		<p>emissions of the participant in the Annual Reporting year immediately preceding the year in which the noncompliance is discovered; and</p> <ul style="list-style-type: none"> • Publication of non-compliance
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Annual report summary

Date Created	24 July 2014
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Your details

Phase: 1
Reporting Year: 2013/2014
CRC reference number: CRC7623092
Addressee: Ms Sue Bruce City of Edinburgh Council

Total Participant Electricity and Gas Supplies* (this excludes supplies of gas to an EU ETS installation or CCA facility, and supplies of electricity to a CCA facility)

Fuel source	Actual supply	Estimated supply	Measurement unit	Calculated emissions (tonnes of CO ₂)
Electricity	54,508,783	4,864,158	kWh	32,383
Gas	131,691,690	4,837,603	kWh	25,155

*if you are re-submitting your 2010/11 or 2011/12 report the figures in this box should be your 'Core Electricity and Core Gas Supplies (excluding supplies of gas to an EU ETS installation or CCA facility, and supplies of electricity to a CCA facility)' as defined by the CRC Energy Efficiency Scheme Order 2010

Emissions for annual reporting year 2013/2014

Total CRC Emissions (tonnes of CO₂): 57,538

SGU emissions

SGU name	SGU emissions (tonnes of CO ₂)
City of Edinburgh Council	57,538

Early action metrics

Emissions covered by carbon trust standard or equivalent

Emissions (tonnes of CO ₂)	Scheme

Emissions covered by voluntary AMR - percentage:

Turnover/ expenditure for report year:

Renewable energy data		
Type	Kilowatt Hours	Tonnes of CO2

Corporate responsibility responses	
Type	Answer
Discloses long term reduction targets	Yes
Discloses performance against long term reduction targets	Yes
Names director responsible for energy use	Yes
Engages employees in reduction of energy use	Yes
Report comments:	

Re-submitted 2010/11 or 2011/12 reports

Residual measurement list fuels (This box will only be populated if you are re-submitting a report for 2010/11 or 2011/12 that includes residual fuels.)				
Fuel source	Actual supply	Estimated supply	Measurement unit	Calculated emissions (tonnes of CO2)

