

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:	2172
Author:	Andrew Whitley
Department:	Communities
Contact:	Andrew Whitley (Job Title: Carbon Programme Officer, Email: andy.whitley@nottinghamcity.gov.uk, Phone: 01158765650)
Subject:	Surrender of Carbon Allowances for the Carbon Reduction Commitment Phase 2 - 2014-15
Total Value:	£444,444.00 (Type: Revenue)
Decision Being Taken:	Approval to pay for the Carbon Reduction Commitment 2014-15 (statutory obligation) for the carbon emissions associated with Nottingham City Council (28,490 tonnes CO ₂).
Reasons for the Decision(s)	Nottingham City Council qualifies in phase 2 of the Carbon Reduction Commitment (CRC) statutory obligation. The CRC Phase 2 runs from April 2014 to March 2019, and is based on the qualification year of April 2012 to March 2013, and where an organisation has at least 6,000 megawatt hours (MWh) through all its settled half hourly meters. As part of phase 2, first year 2014-15 Nottingham City Council is required to pay £444,444.00 for the carbon emissions it produced during last financial year. Nottingham City Council did forward purchase allowances at £15.60 per tonne, meaning a saving of £22,792 if we had purchased allowances now at £16.40 per tonne.
Other Options Considered:	There is no other option, this is a statutory legal obligation. There is an agreed annual budget for this scheme. Non-payment of CRC via the surrender of allowances increases the CRC liability by a further £40 per tonne.
Background Papers:	None
Published Works:	None
Affected Wards:	Citywide

**Colleague / Councillor
Interests:**

Consultations:

Date: 20/07/2015
Ward Councillors: Alan Clark
Update given in the Energy Project Alignment Group

Those not consulted are not directly affected by the decision.

**Crime and Disorder
Implications:**

None

Equality:

EIA not required. Reasons: This decision relates to a Carbon Tax which Nottingham City Council is statutorily obliged to pay. The decision does not relate to new or changing policies or functions.

Decision Type:

Portfolio Holder

Subject to Call In:

Yes

Call In Expiry date:

28/09/2015

Advice Sought:

Legal, Finance

Legal Advice:

This report raises no significant legal issues. The City is required to make the payment to comply with its obligations under the CRC Energy Efficiency Scheme Order 2013. Advice provided by Andrew James (Team Leader Contracts and Commercial) on 14/09/2015.

Finance Advice:

The Council has a statutory obligation to make payments to meet liabilities incurred under the Carbon Reduction Commitment (CRC). The value of the liability for 2014/15 was £444,444, this is to be paid in 2015/16. This liability will be met from existing revenue budgets within Energy Services. An accrual was made for this amount in the 2014/15 statement of accounts in line with accounting principles.

The Council is undertaking a number of energy saving measures to reduce its liabilities under the CRC, savings made as a result of these measures will contribute towards the Energy & Waste Big Ticket savings target within the Council Medium Term Financial Plan. In 2015/16 as a result of these measures and changes in the criteria determining the Council's CRC liabilities the contribution towards this savings target is estimated at £120,000.

The Council has purchased CRC allowances in advance to cover its liabilities for the majority of the Phase 2 period, this enabled Council to fix the price it paid for CRC allowances giving price certainty and the potential for savings if the price of the allowances increased. The price of CRC allowances has increased by £0.80 per tonne since purchase resulting in a saving to the Council for the 2014/15 liability of £22,792.

Advice provided by Gary Robbins (Finance Analyst) on 07/09/2015.

Signatures

Alan Clark (Councillor) (Portfolio Holder For Energy and Sustainability)
SIGNED and Dated: 21/09/2015
Andrew Vaughan (Corporate Director Commercial and Operations)
SIGNED and Dated: 17/09/2015