

Management Board

Environmental reporting and Carbon Reduction Commitment recommendations

Paper by the Head of Fire Safety and Environment

Purpose

- 1 This paper provides an update on plans to green Parliament; confirming the environmental reporting line to the Management Board and the recommended approach to be taken to the Carbon Reduction Commitment.

Action for the Board

- 2 The Board is invited to:
 - 2.1 approve the environmental reporting line to the Management Board, and
 - 2.2 note the recommended approach to be taken to the Carbon Reduction Commitment.

Consultation

- 3 The reporting line and recommended approach to be taken to the Carbon Reduction Commitment, detailed below, were endorsed by the Parliamentary Estates Board on 15 May 2008. This followed consultation with the Legal Services Office.

Background

- 4 In March and April 2009 the Management Boards of both Houses approved an environmental action plan identifying the steps required to develop a framework to improve Parliamentary environmental performance.
- 5 The action plan sought establishment of reporting lines to the Management Boards for environmental business in order to align with good practice, environmental management standards and internal audit recommendations. A paper providing recommendation was submitted to the Parliamentary Estates Board in May 2009.
- 6 In advance of establishment of environmental reporting lines it was deemed necessary to bring to the attention of the Parliamentary Estates Board the

implications of the Carbon Reduction Commitment.

Reporting line to the Management Boards

- 7 The Parliamentary Estates Board endorsed the proposal for the Head of Fire, Safety and Environment to report environmental business to the Parliamentary Estates Board, as a bicameral Board with responsibility for the overview and assurance of Parliamentary Estates matters on behalf of the Management Boards.
- 8 **The Board is invited to agree that the reporting of environmental business to the Management Board should be via the Parliamentary Estates Board.**

Carbon Reduction Commitment

- 9 The Carbon Reduction Commitment (CRC) regulations, enabled by the Climate Change Act 2008, are expected to receive Royal Assent later this year. The aim of the CRC is to cut UK carbon emissions from large non-energy intensive organisations through a mandatory cap and trade scheme. The draft Order to implement the CRC was issued for consultation in March 2009.
- 10 The CRC affects the UK only and is not driven by European legislation.
- 11 The key implications of the CRC for qualifying organisations are:
 - Annual purchase of carbon permits relative to predicted energy consumption (capped at £12/tCO₂ for the first two years of the scheme and thereafter driven by the market);
 - Bonus / penalty payments if energy consumption is better / worse than predicted (achieved through sale / purchase of excess permits);
 - Receipt of annual recycling payments equal to the annual purchase of permits less 10% if organisational performance is worse in year one up to 50% if worse in year five; and
 - Entry onto the public CRC league table where position is dictated by year on year individual organisational performance change (as opposed to peer comparison of absolute emissions).
- 12 Qualification for entry into the scheme is energy consumption in 2008/09 of 6,000MWh (approximately equal to an annual spend of £500,000). Additionally all central government departments and services are automatically entered into the scheme.
- 13 While the Crown is included in the draft Order Parliament is not mentioned and in line with the privilege of exclusive cogniscence it is deemed that, as it stands, the CRC does not apply to Parliament even though we meet the threshold for energy consumption.

- 14 There is no internal precedent for the application of environmental legislation that does not specifically mention Parliament, unlike health and safety, and it is noted that there are implications for Parliament whether we participate in the scheme or not.
- 15 Parliament's absolute carbon emissions continue to head in the wrong direction with a 42% increase since 1999/2000. This increase is attributed to the increase in the Estate (approximately 23 per cent increase in square meterage over the same time period), persons on the Estate (approximately 25 per cent increase in occupancy over the same time period) and IT and cooling services.
- 16 The CRC does not currently take into account change in estate size or occupancy and is only concerned with absolute emissions.
- 17 It is estimated that if Parliament entered the scheme (taking a worst case scenario with continuing year on year increases in carbon emissions) we would pay out in the region of £1,375,000 and receive back in the region of £965,000 in the first five years of the scheme; a net loss in the region of £410,000 over this period.
- 18 Reputationally Parliament is at risk from negative publicity if we force entry onto the CRC scheme through appearance on the league table. However, we are also at risk of being seen to not be taking climate change seriously and not adhering to our own rules if we do not participate in the scheme.
- 19 There are also wider concerns that the scheme may benefit private organisations at the cost of the public sector with financial gains in the private sector funded by losses in the public sector.
- 20 The Parliamentary Estates Board subsequently endorsed the proposal for Parliament to mirror but not force entry onto the scheme. This recommended approach requires Parliament to publicly report annual carbon emissions in the same way as the scheme and demonstrate appropriate levels of investment for carbon management and efforts to drive carbon emissions down.
- 21 The Board is invited to note the recommended approach to be taken to the Carbon Reduction Commitment.**

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