

Audits where assurance is assessed as 'No' or 'Limited'

NO ASSURANCE

Carbon Reduction Commitment

Introduction and Scope

The Carbon Reduction Commitment Energy Efficiency Scheme (CRC) is a new regulatory incentive to improve energy efficiency in large public and private sector organisations. It is a mandatory scheme that aims to improve energy efficiency and reduce the amount of carbon dioxide (CO₂) emitted in the UK. As a qualifying organisation Lincolnshire County Council has to monitor their emissions and purchase allowances for each tonne of CO₂ they emit.

The first phase data collection period was April 2010 to March 2011 and a Footprint report and Annual report had to be submitted by 29th July 2011. The authority formed a CRC working group to steer production of reports and procedures. As an interim measure the Sustainability Team, in conjunction with Mouchel Property Team energy specialists produced and submitted the required reports to the scheme administrator (the Environment Agency in England) within the deadline. Long-term responsibility for producing returns and managing the budget will sit with the property team.

The London Energy Project was commissioned in June 2011 to help the council assess its readiness for preparation of the footprint and annual reports. They concluded we were not sufficiently prepared and made recommendations for improvement. Many of these recommendations remain outstanding and should be addressed in conjunction with the findings of our report.

Our audit looked at the adequacy of the evidence pack to support the reports submitted to the scheme administrator. The pack should contain key documents and is a vital part of the audit conducted by the scheme administrator.

Management Summary

Assurance Opinion - No Assurance

We were unable to validate the data within the 2010/11 footprint report and annual report as it is not supported by a complete evidence pack. The Sustainability and Property Teams have started work on this but it is still incomplete and in draft. The scheme administrator has been selecting participants for audit since August 2011 and aims to audit all participants over a 5 year period. The fine for no or an incomplete evidence pack may be up to £40 per tonne of CO₂ emissions in the last annual report submitted,

which for the Council could result in a fine of up to £3,102,640.

We also found that benchmarking has been used to calculate 18.29% of emissions. This method is deemed unacceptable by the scheme administrator. Use of this could increase the risk of fines for incorrect footprint or annual reports.

Whilst the Sustainability and Property Teams have started work on the evidence pack, there are key pieces of evidence missing that we needed to review as part of our audit. These are:

- Approved written procedures on the CRC process;
- Properties or fuel supplies subject to exception or exclusion;

We also found that:

- One member of the Mouchel Property Team has had sole responsibility for producing the data for the submission. In the absence of written procedures and additional trained persons there is a risk that data could not be produced if, for an unforeseen reason, he were unable to do this;
- The Wainfleet boarding house, which is part of Skegness Grammar School, has been missed off the submission. This is because of the way data is held in a portfolio on the property database;

Actions and Priorities

We held a closure meeting with Sean Kent – Head of Environmental Services and Doug Robinson – Sustainability Team leader where we discussed the future of CRC EES and agree actions to address audit findings. The Sustainability team took on, in conjunction with Mouchel Property, delivering the first footprint report and annual report to ensure the deadline was met. This was a short term measure as the CRC budget and responsibility for the reports is within the LCC Property Team. Responsibility for producing the reports will be handed to this team; however the Sustainability Team plan to work with the CRC working group to address findings first. Agreed actions are:

- Time has been set aside for Doug Robinson and Nathaniel Dyas – Mouchel Property Team to complete the CRC procedures and other outstanding components of the evidence pack;
- The CRC working group will review and sign off the procedures and evidence pack at the end of April 2012;
- The CRC working group will liaise with the Property Team to ensure the availability of a complete property asset document;
- The CRC working group will continue to seek methods of accessing actual consumption data for properties benchmarked in the footprint report, including working closely with the Head of Finance – Children’s Services;

Management Response

The CRC is an important statutory requirement with a number of substantial fines possible. It is also important in terms of the Councils reputation. It requires co-ordinated action from a range of key players across the authority. The Working Group established to ensure appropriate submission of Footprint

and Annual Reports contains the appropriate representation. The key findings of the report are acknowledged and time will be diarised to complete procedures and evidence pack for approval by the Working Group at its meeting on 23 April 2012.

Agreed Action

Five of the seven agreed actions from this audit had an implementation date of 30 April 2012, one has an implementation date of 30 June 2012, and one action is on-going.

End of Appendix B