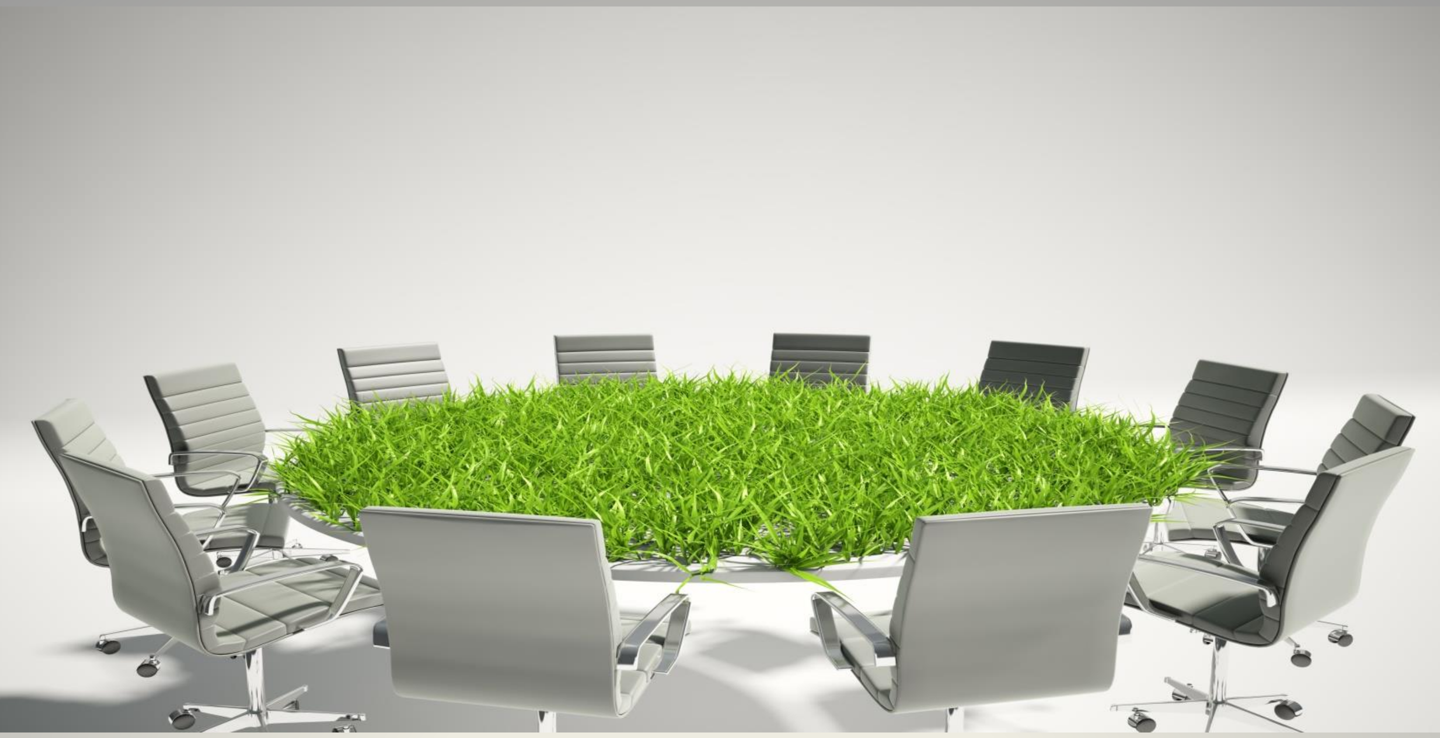

ESHCON INFO

SECR - Streamlined Energy & Carbon Reporting

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Effective Environmental Management

Reducing risk, promoting efficiency, saving money & winning business:
This is Effective Environmental Management

SECR - Streamlined Energy and Carbon Reporting

New carbon reporting regulations are here.

SECR or the **Streamlined Energy and Carbon Reporting Regulations** require large companies to include carbon & energy information in their Annual Report.

This applies for financial years starting on or after 1st April 2019.

What is needed?

The following information needs to be included in the Annual Report for that year:

- Greenhouse gas emissions - Scope 1, 2 & some 3 emissions arising from energy use in buildings & transport – presented in tonnes of CO_2e.
  Large unquoted companies & LLPs should report on UK operations.
  Quoted companies will continue to be required to report on global activities.

- Energy consumption data in kWh used to calculate the emissions – electricity, gas, other fuels, company vehicles, rental cars & grey fleet.

- From 2 year onwards, give comparisons with historical data (e.g. % increase/decrease in energy & emissions).

- Details of the methodology for calculating emissions.

- A suitable carbon intensity metric, e.g. per £m or per unit of production.

- Details of energy efficiency activities undertaken.

Plan your SECR project now

My experience is that there's a lot of work getting info together for the Annual Report anyway. Put in place your processes now, so it's not a mad dash later.

I have helped numerous companies comply with both MCR & ESOS. Let me help you, so the process is a smooth one.

Are you in?

SECR applies to quoted and large unquoted companies and LLPs registered in the UK, as defined by the **Companies Act 2006**.

They fulfil at least 2 of the following conditions in the financial year:

>250 employees,

annual turnover >£36m,

annual balance sheet >£18m.

Companies with low consumption (<40,000 kWh) will be exempt, also unquoted companies where 'it is not practical to obtain information' or to do so would be 'seriously prejudicial to the interests of the company'.

Companies within groups that qualify for SECR can be covered in combined Annual Reports, but small companies don't have to put info in their own report.

Companies that are not registered in the UK are not obliged to file annual reports at Companies House and will not be in scope for SECR.

Where an overseas large parent company has subsidiaries in the UK, these subsidiaries will be in scope only if they qualify for SECR in their own right.

Organisations not registered as companies, for example public sector organisations, some charities and some private sector organisations, are not in scope of the SECR framework.

Risks

The Conduct Committee of the Financial Reporting Council is responsible for monitoring compliance of company accounts & can apply to court to declare reports being non-compliant.

Additionally, Companies House may not accept any accounts that do not meet the requirements of the Companies Act; if delayed after the filing deadline, you may be liable to a civil penalty.

Many companies are concerned about the reputational risk – of presenting inaccurate data or not showing improvements. As the information is publicly available, this brings greater & wider scrutiny.

What you need to do now

SECR applies to Annual Reports released for financial years after April 2019 – i.e. if your reporting year is April-March then your first report will cover April 19 – March 20; for calendar years, your first report cover Jan – Dec 2020 will be expected after the end of December 2020.

Firstly understand your business to determine if you meet the requirements – on staff numbers, turnover or balance sheet.

Put in place processes for collecting data. If you already doing ESOS &/or Mandatory Carbon Reporting, you're probably always collecting much of the data anyway.

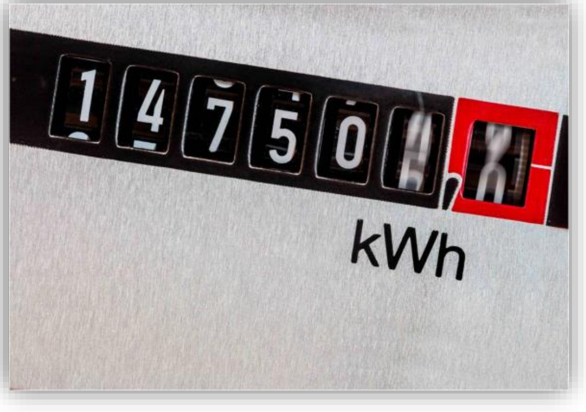
You will need electricity & gas kWh, other fuels in buildings & processes (e.g. litres diesel, kg LPG, m3 of gas oil), fuel or mileage for business travel in company vehicles, grey fleet & rental cars.

Collect & validate the data – a good data management system is useful but not essential.

Calculate the carbon emissions. Make sure your calculation methodology is accurate & up to date (emission factors can change every year).

If making the calculations yourself, it is good practice to have figures verified.

Compile information about your energy efficiency activities for that year. Use the recommendations in your ESOS audits.



CRC, ESOS, CCL & SECR – the background

The government expects SECR to have wide-reaching benefits, including a potential £1.5 billion of value to society through carbon savings, improvement in air quality & a reduction in noise pollution.

So what is involved & what is changing?

The new mandatory reporting framework will replace the **CRC Energy Efficiency Scheme** and expand upon the existing **Mandatory Carbon Reporting** (MCR) regulations. It's likely to affect over 11,000 organisations, up from approximately 1,600 required to report under MCR.

The CRC required large energy users to purchase 'permits' in advance to cover their carbon emissions. It was a significant revenue generator for the Treasury and quite an administrative burden for the companies involved, having to forecast energy usage, purchase permits & make notifications.

With the CRC ending, the government needs to recoup its lost revenue so will increase the **CCL Climate Change Levy**, applied directly to energy bills. From April 2019, the rate of the CCL will increase by 45% for electricity & 67% for gas.

This increase in the CCL will apply to all non-domestic users – so that smaller companies will now be far more greatly affected (not just the large users which came under the CRC). CCL rates will be 0.847 p/kWh for electricity & 0.339 p/kWh for gas.

ESOS (the Energy Savings Opportunity Scheme) requires large companies to understand energy consumption, conduct audits to identify efficiency savings & then make a notification to the regulator. SECR does not replace **ESOS**, though the work done for it can contribute – particularly in gathering the energy data & planning energy savings activities.

While ESOS applies to large companies, SMEs with the company group may also be affected. This is not the case with SECR, so only large & quoted companies must comply.

It does sound complicated – there is a host of energy & carbon-related regulations. It is important that companies (of all sizes) know what is required of them.

ESHCON

Effective Environmental Management

About Eshcon - Anya Ledwith (CEnv)

I am an experienced business adviser and auditor, with over 20 years of leadership in the field of environmental management. A Chartered Environmentalist, a **Registered Environmental Auditor** & a Lead ESOS Assessor, it is my *mission is to make environmental management the business norm*.

With expert advice and a pragmatic approach, I make it easy for clients to find improvements and see the commercial benefit.

Away from work, I am the Chairman of Gatwick Diamond Business and volunteer for the Sussex Community Foundation. For adventure, I rode a classic motorcycle across the Himalayas.

Do Get in Touch

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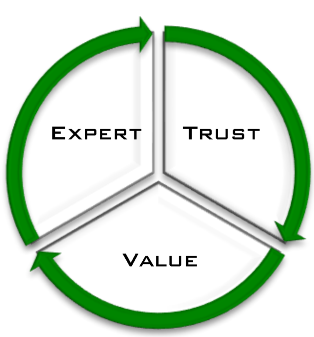

"Each year Hogg Robinson Group collects and presents a great deal of information for our Annual Report. Eshcon handles all the relevant energy and travel data from our entities across the world, collating it and making the GHG emissions calculations. Anya ensures the project runs smoothly and provides all the information succinctly, for inclusion in our Annual Report on time."

Michael Drake, Group Financial Controller – Hogg Robinson Group