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Education & Skills Funding Agency

Guidance Streamlined energy and carbon reporting for college corporations

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1. Who is this guidance for?

This guidance is aimed at finance directors, principals and governors of sixth-form and further education corporations.

2. What is the status of this guidance?

The main financial reporting requirements for corporations are set out in the <u>college</u> <u>accounts direction</u>. This guidance is non-statutory and does not replace or modify any of those requirements.

<u>The Companies (Directors' Report) and Limited Liability Partnerships (Energy and</u> <u>Carbon Report) Regulations 2018</u> (the 2018 Regulations) implement the government's policy on Streamlined Energy and Carbon Reporting (SECR).

Whilst corporations are outside of the scope of the 2018 Regulations, the college accounts direction encourages them to make equivalent disclosures on their website. This guidance aims to support corporations by providing an overview of the 2018 Regulations.

This guidance is based on <u>HM Government Environmental Reporting Guidelines</u>: <u>including streamlined energy and carbon reporting guidance March 2019</u> (the Guidelines) and is not intended to cover every scenario that may arise regarding a corporation's energy consumption and reporting.

If corporations have any questions, they should consult external guidance or professional advisors in the first instance.

3. Why are businesses being asked to report on energy use?

The 2018 Regulations are designed to increase awareness of energy costs within organisations, provide them with data to inform adoption of energy efficiency measures and to help them to reduce their impact on climate change. They also seek to provide greater transparency for stakeholders.

4. Who should report and where?

The ESFA encourages all corporations to publish the information set out below on the corporation's website before 31 March each year. Corporations may also choose to include the information in their annual report within the financial statements. Prior year equivalent figures should also be reported for comparison.

The <u>guidelines</u> acknowledge that in some circumstances, an element of the required energy and carbon information may not be practical to calculate. Where this is the case, this fact should be reported, and the corporation should explain what is omitted and what steps it is taking to acquire this information in future.

5. What should the disclosure include?

Corporations making this disclosure should include, as a minimum:

- its annual UK energy use (in KWh) as a minimum relating to gas, purchased electricity and transport fuel and associated greenhouse gas emissions (in tonnes of carbon dioxide equivalent (CO2e))
- the methodology used to calculate the required information
- a narrative of measures taken to improve energy efficiency in the period of the report
- an emissions intensity ratio chosen by the corporation. Intensity ratios compare emissions data with an appropriate business metric or financial indicator, such as staff numbers, to allow comparison over time or with other organisations
- the prior year equivalent figures should also be disclosed for comparison, except in the first year the corporation is making such disclosures.

5.1 Subsidiaries

If a corporation is reporting at group level it should include energy and carbon disclosures of any subsidiaries included in the consolidation, unless the subsidiary would not itself be obliged to include if reporting on its own account.

5.2 Basis of occupancy

For corporations where there is a landlord/tenant arrangement in place, the party responsible for the consumption of energy should take responsibility for reporting of it, despite not being directly responsible for its purchase. It is anticipated that in the majority of circumstances the college corporation is both the purchaser and the consumer of energy.

6. Elements of the disclosure in detail

6.1 UK energy use

- **Electricity consumption**: includes the purchase of electricity by corporations for their own use, including for the purposes of transport.
- **Gas combustion**: includes gas consumed for stationary or mobile activities for which the corporation is responsible.
- **Transport**: includes energy consumption from transport where the corporation is responsible for purchasing the fuel e.g. fuel used in company/fleet cars for business use, fuel used in personal/hire cars for business use (including where the corporation reimburses staff for business mileage claims) and fuel used in corporation controlled minibuses. This excludes where a transportation service is procured that includes an indirect payment for the fuel consumption e.g. train/plane/taxi/coach travel or similar where the corporation does not operate the transport. However, a corporation may elect to report them separately (including as part of Scope 3 emissions see below).
- **Collecting energy use data**: It is not expected that corporations will need to engage specialist consultants to support the reporting requirements; the example below shows how a corporation could calculate the figures themselves.

Corporations should use verifiable data where reasonably practicable and should consider obtaining meter data or using invoices or annual statements from supplies. Where verifiable data is not available corporations may estimate data by using data from another comparable time period to fill the gap, calculating figures using pro-rata extrapolation or benchmarking to proxy the energy consumption of one site to a similar site.

6.2 Greenhouse gas (GHG) emissions

The disclosure on the website should state the annual quantity of emissions in tonnes of carbon dioxide equivalent resulting from the total UK energy use from electricity, gas and transport, as defined above. <u>Government conversion factors for company reporting</u> should be used to help measure energy consumption in common units.

6.3 Emissions intensity ratio

The report should state at least one metric which expresses the corporation's annual emissions in relation to a quantifiable factor. For consistency across the sector, corporations are encouraged to use tonnes of CO2e per staff member, based on staff numbers in the audited financial statements. The same ratio should be used each year for comparability.

6.4 Methodology

Corporations should disclose the methodology used to calculate the required information and it is important that robust and accepted methods are used.

There are several widely recognised independent standards available (as set out in the <u>Guidelines</u>) and the standard used in the worked example set out below is the <u>GHG</u> <u>Reporting Protocol-Corporate Standard</u>. Emissions are defined under three different Scopes by the GHG Protocol.

6.5 Energy efficiency action

The report must include a narrative description of the principal measures taken to increase energy efficiency in the relevant year. It is recommended that the actions reported are those which have had a direct impact on energy efficiency and where possible the resulting energy saving from actions reported are also stated. If no measures have been taken, then this fact should be stated.

7. Definition of emission scopes and their minimum reporting requirements under GHG Protocol

Definitions

Scope 1-Emissions from activities owned or controlled by the
corporation that release omissions into the atmosphere.GHGExamples include emissions from combustion in owned or
controlled boilers, vehicles.

Scope 2 -Emissions from own consumption of purchased electricity,energyheat, steam and cooling. These are a consequence of theindirectcorporation's activities but are from sources notemissionsowned/controlled.

Scope 3 -Emissions because of the corporation's actions where theothersource is not owned or controlled. For example, business travelindirectin private cars.emissions

Report as minimum

Emissions from gas and transport fuel combustion.

Emissions from purchased electricity.

Energy use and related emissions from business travel in hire or employee owned vehicles where staff purchase the fuel.

8. Other sources of information

The Charities Commission has published an <u>information sheet</u> on the Energy and Carbon Report Regulations 2018, as applied to Charitable Companies. Although college corporations are not covered by the scope of this guidance, they may find elements of the information sheet helpful.

Corporations may find information contained in recent Condition Improvement Fund (CIF) bids, the <u>DfE Energy Providers Framework</u> and in Display Energy Certificates helpful. Also the ESFA has published <u>Good Estate Management Tools</u> which includes tips to reduce energy consumption.

9. How might corporations go about calculating the energy, greenhouse gas emissions and intensity ratio?

The following is a worked example and method of how a corporation might undertake the calculations to support minimum disclosure.

The corporation has 3 sites, all with their own boilers which are gas fuelled and electricity is purchased. The corporation owns 2 diesel-powered mini-buses and has approximately 20 members of staff who claim business mileage.

This methodology follows the <u>GHG Reporting Protocol</u> and uses the <u>Government</u> <u>conversion factors for company reporting</u>. The conversion factors are updated annually and are generally released each year in June. Corporations should use the 2021 conversion factors for the 2020 to 2021 financial year.

9.1 Illustrative example of calculations

Energy source	Consumption	Scope	Emissions calculation
Gas – total kWh (kilowatt- hours) used for the year, taken from gas bills for each site	156,837 kWh (gross CV (calorific value))	Scope 1	156,937 kWh * 0.18316 (2021 fuels, natural gas conversion factor, gross CV to kg Co2e)
			= 28,726 kgCO2e
			= 28.73tCO2e
Electricity – total kWh used for the year, taken from the electricity bills for each site	46,328 kWh	Scope 2	46,328 kWh * 0.21233 (2021 UK electricity conversion factor to kgCO2e)
			= 9,837 kgCO2e
			= 9.84 tCO2e
Transport - Mini-bus 1: 6,500 miles in the year; Mini-bus 2: 7,800 miles in the year	15,200 miles * 1.17682 (2021 SECR kWh pass & delivery vehs, vans class 2 – used in lieu of passenger vehicles conversion) = 17,888 kWh	Scope 1	15,200 miles = 24,462 km. 24,462 km * 0.18315 (2021 managed assets vehicles, vans class 2 – used in lieu of passenger vehicles conversion)
			= 4,480 kgCO2e
			= 4.48 tCO2e
Transport – total mileage for petrol reimbursed from staff claims = 1,300 miles	928 miles * 1.16071 (2021 SECR kWh pass & delivery vehs, average car conversion factor to kWh, petrol) =1,077 kWh	Scope 3	928 miles * 0.28053 (2021 managed assets vehicles, average car conversion factor to kgCO2e, petrol))
			= 260 kgCO2e
			= 0.26 tCO2e
Total	222,130km		43.31tCOe
Intensity ratio - Emissions data (tCO2e) compared with an appropriate business			43.31 tCO2e / 324 members of staff
activity (staff numbers)			= 0.13 tCO2e per staff member

Where colleges have collated data on the litres of fuel consumed, the 'fuels' conversion factor may be applied, which provides more accurate emissions results. Fuel consumption can be converted to kWh using the 'fuel properties' tab.

10. Disclosure of minimum information to be included on the corporation's website

based on the above example

Note that where corporations made SECR disclosures on their websites in the previous year, this data should also be reported for comparison purposes.

Greenhouse gas emissions and energy use data for the period 1 August 2019 to 31 July 2020 – UK	Current reportir 2020 to 2021	ng year Comparison reporting year 2019 to 2020
Energy consumption used to calculate emissions (kWh)	222,130	235,530
Energy consumption break down (kWh) (optional):		
Gas	156,837	170,345
Electricity	46,328	46,589
Transport fuel	18,965	18,596
Scope 1 emissions in metric tonnes CO2e		
Gas consumption	28.73	31.32
Owned transport – mini-buses	4.48	4.35
Total scope 1	33.21	35.67
Scope 2 emissions in metric tonnes CO2e		
Purchased electricity	9.84	10.86
Scope 3 emissions in metric tonnes CO2e		
Business travel in employee owned vehicles	0.26	0.36
Total gross emissions in metric tonnes CO2e	43.31	46.89
Intensity ratio		
Tonnes CO2e per member of staff	0.13	0.14

Quantification and Reporting Methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2021 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per staff member, the recommended ratio for the sector.

Measures taken to improve energy efficiency

Replacing an obsolete boiler with a more energy efficient model; installing smart meters across all sites to improve monitoring of usage; increased video conference technology for staff meetings to reduce the need for travel between sites.

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