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# Streamlined Energy & Carbon Reporting (SECR)

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UNDERSTANDING AND REPORTING SECR

# Who we are

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With over 25 years experience. We work with clients in supermarkets & retail, hotels, leisure centres, petrol station forecourts, hospitals, schools, research centres and other private and public sectors organisations.

CIBSE registered Low Carbon Consultants, Low Carbon Energy Assessors, ESOS Lead Assessors and EnMS Specialists

- Specialise in specific UK & EU legislation:
- Climate Change Levy Taxation
- CHP & CHPQA Management
- Energy Saving Opportunity Scheme (ESOS)
- Streamlined Energy & Carbon Reporting (SECR)
- Medium Combustion Plant Directive (MCPD)
- Display Energy Certificates (DEC)

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Where did SECR come from?

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# The era of consultations

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September 2015 - Reforming the business energy efficiency tax landscape



March 2016 – Abolishing the Carbon Reduction Commitment (CRC), raising CCL rates and opening the door to SECR



November 2017 – BEIS held a Streamlined Energy & Carbon Reporting (SECR) launch event



4th January and July 2018 – Consultation Closed & Government Response



1<sup>st</sup> April 2019 – SECR comes into force

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# SECR: Who, Where, What and When

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## WHO

SECR will apply to all quoted companies and large incorporated unquoted companies that meet **two or more** of the following:

- *At least 250 staff*
- *An annual turnover\* greater than £36m*
- *An annual balance sheet total greater than £18m*

*\*charitable companies. Turnover shall be taken as reference to the charities gross income or operation*

## WHERE

SECR will be reported annually through directors' reports.

Limited Liability Partnerships (LLPs) are required to include SECR information in their annual reports.

In the case of charitable companies, the reporting should be in the combined Directors' and Trustees' Annual Report.

***Large:*** based on the framework that can be found in sections 465 and 466 of the Companies Act 2006.

# What about subsidiaries?

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A subsidiary is not obliged to report their energy and carbon information if:

- They are a “subsidiary undertaking” at the end of the relevant financial year;
- They are included in the group Report (whether a group Directors’ Report or a group Energy and Carbon Report) of a “parent undertaking”;
- That group Report is prepared for a financial year of the parent that ends at the same time as, or before the end of, the subsidiary’s financial year; and
- The group Report complies with the relevant obligations on the parent to report energy and carbon information for themselves and their subsidiaries; but this provision does not apply where the group Report relies on the seriously prejudicial option.

*A corporate group is defined in the Companies Act 2006, and sections 1158 to 1162 of that Act explain how to identify if an undertaking is a parent to, or subsidiary of, another undertaking.*

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What needs to be  
reported?

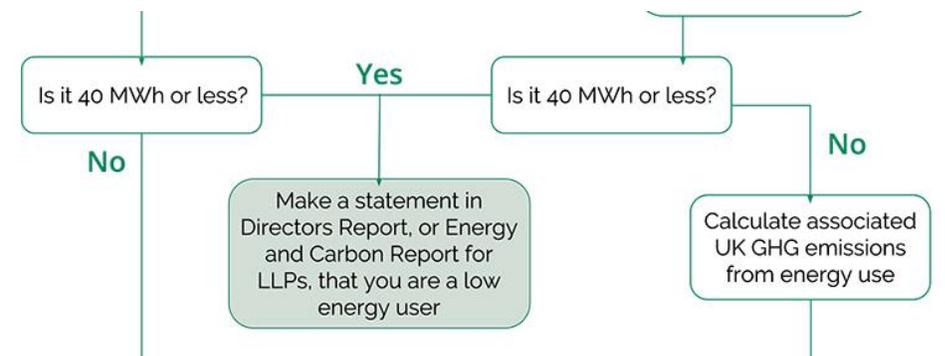
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Quoted Companies	Large unquoted companies and LLP's
<p>Annual GHG emissions from activities for which the company is responsible including combustion of fuel and operation of any facility; and the annual emissions from the purchase of electricity, heat, steam or cooling by the company for its own use</p>	<p>UK energy use (as a <b>minimum</b> gas, electricity and transport, including UK offshore area)</p>
<p>Underlying global energy use</p>	<p>Associated greenhouse gas emissions</p>
<p>Previous year's figures for energy use and GHG</p>	<p>Previous year's figures for energy use and GHG emissions</p>
<p>At least one intensity ratio</p>	<p>At least one intensity ratio</p>
<p>Energy efficiency action taken</p>	<p>Energy efficiency action taken</p>
<p>Methodology used</p>	<p>Methodology used</p>

# Low Energy Users

A quoted company preparing a Directors' Report which has consumed 40MWh or less during the period in respect of which the report is prepared. If the quoted company is preparing a group Directors' Report, the assessment is of the energy consumption of the parent and its subsidiaries which are included in the consolidation and are quoted companies, unquoted companies or LLPs.

Unquoted companies or LLPs preparing a Directors' Report or Energy and Carbon Report which have consumed 40MWh or less in the UK, including offshore area, during the period in respect of which the report is prepared. If the company or LLP is preparing a group Report, the assessment is of the energy consumption of that parent and its subsidiaries.

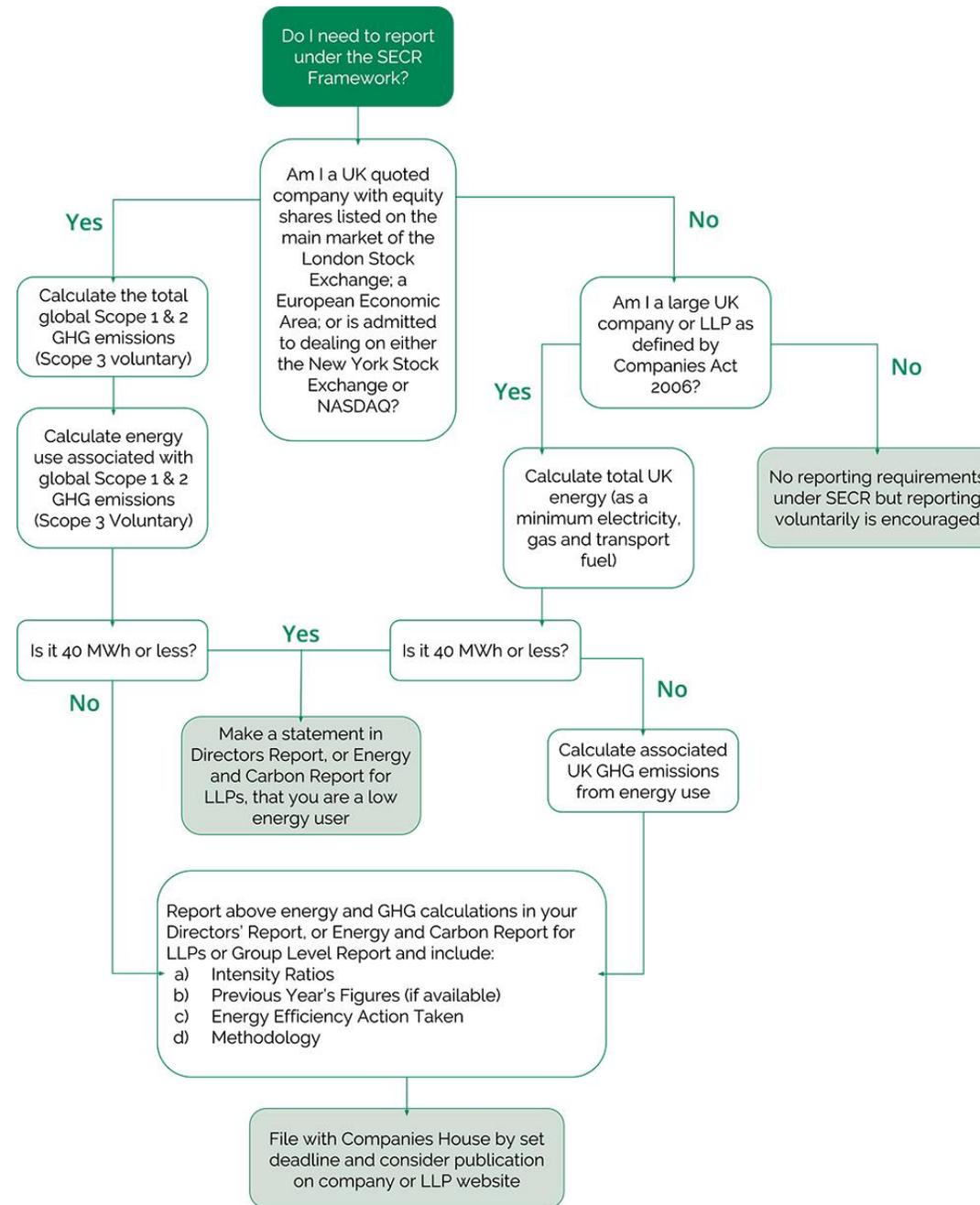


# Exclusions from the report

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When the directors or members consider the disclosure of the energy and carbon information would be seriously prejudicial to the interests of the organisation. The relevant report must state that the energy and carbon information is not disclosed for that reason.

Where the energy and carbon information is not practical to obtain. The relevant Report must still state what energy and carbon information is not included and why.



# When should I report?

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The report is submitted when you submit your company accounts to Companies House; that is 9 months from the accounting reference date for a private company and 6 months from the accounting reference date for a public company. For example:

- *Participants whose financial reporting period is 1st April 2019 to 31st March 2020, should file with Companies House from 31st March 2020.*
- *Participants whose financial reporting period is 1st January 2020 to 31st December 2020, should file with Companies House in 2021.*

# Who is enforcing the regulation of SECR?

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The Conduct Committee of the Financial Reporting Council is responsible for monitoring compliance of company reports and accounts with the relevant reporting requirements.

Under the Companies Act 2006 the Conduct Committee of the Financial Reporting Council have the authority to:

- Enquire into cases where it appears that relevant disclosures have not been provided.
- Apply to the Court, under section 456 of the Act, for a declaration that the annual report or accounts of a company or LLP do not comply with the requirements and for an order requiring the directors to prepare a revised report and/or set of accounts.

Companies House may not accept any accounts that do not meet the requirements of the Companies Act, and where acceptable accounts are delivered after the filing deadline, the company is liable to a civil penalty in accordance with section 453 of the Companies Act 2006.

The civil penalty for the late filing of accounts is in addition to any action taken against directors (or members of an LLP), under section 451 of the Act.

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The information that  
needs reporting

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Quoted Companies	Large unquoted companies and LLP's
Annual GHG emissions from activities for which the company is responsible including combustion of fuel and operation of any facility; and the annual emissions from the purchase of electricity, heat, steam or cooling by the company for its own use	UK energy use (as a minimum gas, electricity and transport, including UK offshore area)
Underlying global energy use	Associated greenhouse gas emissions
Previous year's figures for energy use and GHG	Previous year's figures for energy use and GHG emissions
At least one intensity ratio	At least one intensity ratio
Energy efficiency action taken	Energy efficiency action taken
Methodology used	Methodology used

# UK energy use (to include as a minimum purchased electricity, gas and transport)

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Electricity: annual quantity of energy consumed in the UK resulting from the purchase of electricity by the company for its own use, including for the purposes of transport.

Gas: annual quantity of energy consumed from stationary or mobile activities for which business is responsible involving the combustion of gas

Transport: annual quantity of energy consumed from activities for which the company is responsible, involving the consumption of fuel for the purposes of transport (as well, as above, from the purchase of electricity for its own use, including for the purpose of transport).

*The report must disclose a figure, in kWh, of the annual quantity of energy consumed in the ways set out above.*

# Transport in detail

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The following activities should be included in your calculation of your total energy consumption:

Fuel used in company cars on business use.

Fuel used in fleet vehicles which you operate on business use.

Fuel used in personal/hire cars on business use (including fuel for which the organisation reimburses its employees following claims for business mileage).

Fuel used in private jets, fleet aircraft, trains, ships, or drilling platforms which you operate.

Onsite transport such as fork-lift trucks.

The following activities are not required to be included in your calculation of your total energy consumption but may be reported separately (including as part of Scope 3 emissions):

Fuel associated with train travel of your employees where you do not operate the train.

Fuel associated with flights your employees take where you do not operate the aircraft.

Fuel associated with taxi journeys your employees take where you do not operate the taxi firm.

Fuel associated with transportation of goods where you subcontract a firm or self-employed individual to undertake this work for you.

# Associated greenhouse gas emissions

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The annual quantity of emissions in tonnes of carbon dioxide equivalent (CO<sub>2</sub>e) resulting from the total UK energy use from electricity, gas and transport

*Previous year's figures for energy use and GHG emissions*

GHG Protocol Scope	Definition	Quoted companies	Large unquoted companies and large LLPs
Scope 1 (Direct) GHG emissions	<p>These include emissions from activities owned or controlled by your organisation that release emissions into the atmosphere. They are direct emissions. Examples of Scope 1 emissions include emissions from combustion in owned or controlled boilers, furnaces, vehicles; emissions from chemical production in owned or controlled process equipment.</p>	Mandatory for quoted companies to report Global Scope 1 emissions	Mandatory for large unquoted companies and LLPs to report UK Scope 1 Emissions as they relate to their UK energy (as a minimum electricity, gas and transport fuels).

GHG Protocol Scope	Definition	Quoted companies	Large unquoted companies and large LLPs
Scope 2 (Energy indirect) emissions	<p>These include emissions released into the atmosphere associated with your consumption of purchased electricity, heat, steam and cooling. These are indirect emissions that are a consequence of your organisation's activities, but which occur at sources you do not own or control.</p>	<p>Mandatory for quoted companies to report Global Scope 2 emissions.</p>	<p>Mandatory for large unquoted companies and LLPs to report UK Scope 2 emissions as far as they relate to their UK energy use (as a minimum grid-sourced electricity, gas and electricity consumption relating to transport).</p>

GHG Protocol Scope	Definition	Quoted companies	Large unquoted companies and large LLPs
Scope 3 (Other indirect) emissions	Emissions that are a consequence of your actions, which occur at sources which you do not own or control and which are not classed as Scope 2 emissions. Examples of Scope 3 emissions are business travel by means not owned or controlled by your organisation, waste disposal which is not owned or controlled, or purchased materials.	Voluntary for quoted companies but strongly encouraged, especially where this is a material source of emissions.	Mandatory for large unquoted companies and LLPs to disclose energy use and related emissions from business travel in rental cars or employee-owned vehicles where they are responsible for purchasing the fuel. Other Scope 3 emissions voluntary, but strongly encouraged where this is a material source of emissions.

# At least one intensity ratio

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	Intensity measurement
All	Tonnes of CO2e per total £m sales revenue
	Tonnes of CO2e per total £m Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)
	Tonnes of CO2e per full time equivalents
Transport	Tonnes of CO2e per revenue tonne kilometre (RTK – revenue from transporting one tonne over a distance of one kilometre)
Retail	Tonnes of CO2e per square metre of gross store area
Manufacturing	Tonnes of CO2e per total million tonnes of production
Property sector	Tonnes of CO2e per total square metres

# Energy efficiency action taken

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*This is an opportunity to engage either inhouse staff or independent energy management consultants*

# Methodologies

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For effective emissions management and transparency in reporting, it is important that robust and accepted methods are used. It is recommended that you use a widely recognized independent standard, such as:

- GHG Reporting Protocol - Corporate Standard.
- International Organisation for Standardization, ISO (ISO 14064-1:2018).
- Climate Disclosure Standards Board, CDSB.
- The Global Reporting Initiative Sustainability Reporting Guidelines.

***You must state in your Directors' Report, or Energy and Carbon Report, the methodology or methodologies used.***

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# Your SECR report

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Data correlation of your SECR applicable energy consumptions, transport mileage and invoices to determine total energy consumption/expenditure.

Details of emissions from activities for which the company own or control including combustion of fuel & operation of facilities (Scope 1) / tCO<sub>2</sub>e.

Details of emissions from purchase of electricity, heat, steam and cooling purchased for own use (Scope 2) / tCO<sub>2</sub>e.

Details of total gross Scope 1 & Scope 2 emissions / tCO<sub>2</sub>e.

Determination of your Intensity ratio: tCO<sub>2</sub>e (gross Scope 1 + 2) e.g. tCO<sub>2</sub>e per total £m sales revenue, tCO<sub>2</sub>e per full time equivalents.

Provision of an Organisational Chart identifying energy use.

Details of the Methodology used for determination of total emissions.

Details of applicable water consumption, abstraction and expenditure.

Details of applicable waste management, disposal, recycling and expenditure.

Identification energy saving opportunities.

Compilation of an SECR Evidence Pack; including but not limited to:

Details of the participant and identification of the responsible undertaking.

Correlation of correspondence with the relevant authority.

Determination of Exclusions and Onward Supplies as defined in the SECR Guidance.

Greenhouse Gas Emissions		2014/2015	2015/2016	2016/2017	Graphical Analysis	
Non-Financial Indicators (tCO2e)	Total gross emissions	9,099.40	7,400.61	7,707.62	<p style="text-align: center;"><b>Greenhouse Gas Emissions</b></p> <p style="text-align: center;"><b>Financial Year</b></p> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;"> <ul style="list-style-type: none"> <li><span style="display: inline-block; width: 10px; height: 10px; background-color: yellow; border: 1px solid black; margin-right: 5px;"></span> Travel</li> <li><span style="display: inline-block; width: 10px; height: 10px; background-color: maroon; border: 1px solid black; margin-right: 5px;"></span> Electricity Consumption</li> <li><span style="display: inline-block; width: 10px; height: 10px; background-color: blue; border: 1px solid black; margin-right: 5px;"></span> Gas Consumption</li> </ul> </div>	
	Total net emissions	9,099.40	7,400.61	7,707.62		
	Gross emissions Scope 1 (direct)	5,622.47	5,007.66	5,304.38		
	Gross emissions Scope 2 & 3 (indirect)	3,476.92	2,392.95	2,403.24		
Related Energy Consumption (MWh)	Electricity: Non-Renewable	10,129.12	10,228.19	9,783.01		
	Electricity: Renewable	0.00	0.00	0.00		
	Gas	24,687.82	23,363.01	25,216.41		
	LPG	0.00	0.00	0.00		
	Other	4,198.18	2,766.76	2,598.93		
Financial Indicators (£m)	Expenditure on Energy	£1.30	£1.02	£0.95		
	License Expenditure (2010 onwards)	£0.00	£0.00	£0.00		
	Expenditure on accredited offsets (e.g. GCOF)	£0.00	£0.00	£0.00		
	Expenditure on official business travel	£0.24	£0.18	£0.15		

Waste		2014/2015	2015/2016	2016/2017	Graphical Analysis																				
<b>Non-Financial Indicators (tonnes)</b>	Total Waste (tonnes)	1,078.81	1,062.48	1,085.78	<p><b>Non-Hazardous Waste Volumes and Disposal Routes</b></p> <p>The chart displays the volume of non-hazardous waste in tonnes for three financial years. For 2014/2015, the total is approximately 640 tonnes, composed of Landfill (~380), Reused/Recycled (~260), and Composted (~0). For 2015/2016, the total is approximately 600 tonnes, composed of Landfill (~410) and Reused/Recycled (~190). For 2016/2017, the total is approximately 630 tonnes, composed of Landfill (~0), Reused/Recycled (~230), Composted (~400), and Incinerated (~0).</p> <table border="1"> <caption>Non-Hazardous Waste Volumes and Disposal Routes (Tonnes)</caption> <thead> <tr> <th>Financial Year</th> <th>Landfill</th> <th>Reused/Recycled</th> <th>Composted</th> <th>Incinerated</th> </tr> </thead> <tbody> <tr> <td>2014/2015</td> <td>376.16</td> <td>261.43</td> <td>0.00</td> <td>0.00</td> </tr> <tr> <td>2015/2016</td> <td>406.46</td> <td>198.67</td> <td>0.00</td> <td>0.00</td> </tr> <tr> <td>2016/2017</td> <td>0.00</td> <td>231.96</td> <td>398.76</td> <td>0.00</td> </tr> </tbody> </table>	Financial Year	Landfill	Reused/Recycled	Composted	Incinerated	2014/2015	376.16	261.43	0.00	0.00	2015/2016	406.46	198.67	0.00	0.00	2016/2017	0.00	231.96	398.76	0.00
	Financial Year	Landfill	Reused/Recycled	Composted		Incinerated																			
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	2015/2016	406.46	198.67	0.00		0.00																			
	2016/2017	0.00	231.96	398.76		0.00																			
	Hazardous/Clinical Waste		441.12	457.35		455.06																			
	Non-Hazardous Waste	Landfill	376.16	406.46		0.00																			
Reused/Recycled		261.43	198.67	231.96																					
Composted		0.00	0.00	0.00																					
Incinerated with energy recovery		0.00	0.00	398.76																					
Incinerated without energy recovery		0.00	0.00	0.00																					
<b>Financial Indicators (£k)</b>	Total Disposal Cost	£337.58	£0.00	£288.06																					
	Hazardous Waste		£257.23	£0.00	£216.41																				
	Non-Hazardous Waste	Landfill	£69.65	£0.00	£0.00																				
		Reused/Recycled	£10.67	£0.00	£16.79																				
		Composted	£0.00	£0.00	£0.00																				
		Incinerated with energy recovery	£0.00	£0.00	£54.86																				
		Incinerated without energy recovery	£0.00	£0.00	£0.00																				

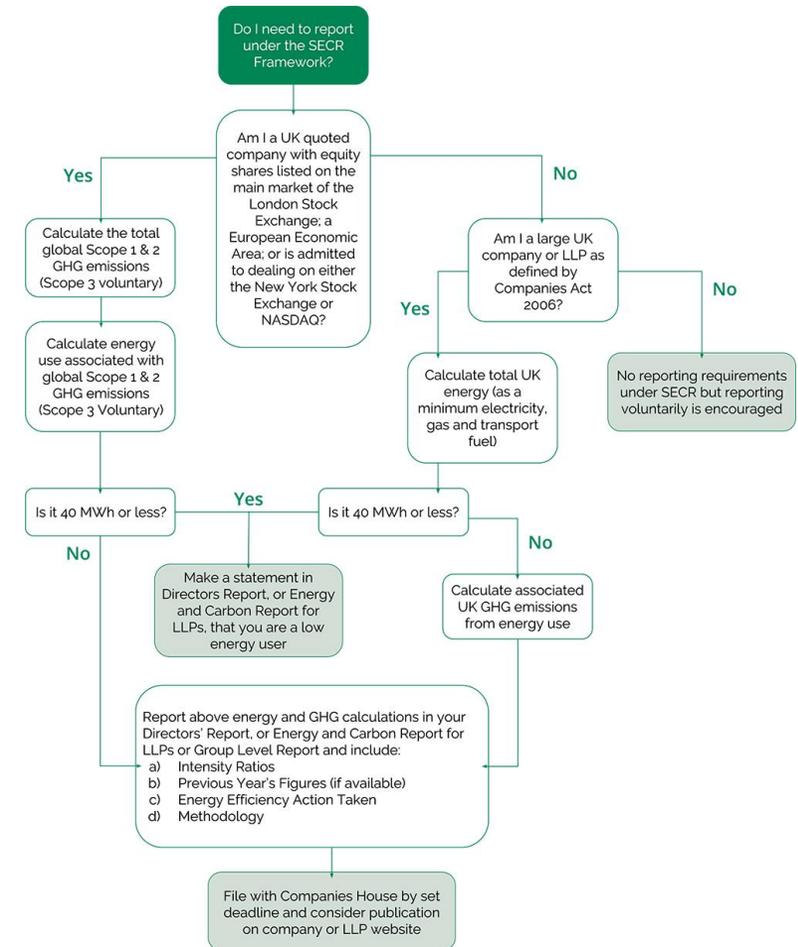
Finite Resource Consumption			2014/2015	2015/2016	2016/2017	Graphical Analysis																
Non-Financial Indicators ('000 m <sup>3</sup> )	Water Consumption (Office Estate)	Supplied	85.23	85.92	104.09	<p><b>Water Usage</b></p> <table border="1"> <caption>Water Usage Data</caption> <thead> <tr> <th>Financial Year</th> <th>Water Supplied ('000 m<sup>3</sup>)</th> <th>Water Abstracted ('000 m<sup>3</sup>)</th> <th>per FTE</th> </tr> </thead> <tbody> <tr> <td>2014/2015</td> <td>85.23</td> <td>76.70</td> <td>2.49</td> </tr> <tr> <td>2015/2016</td> <td>85.92</td> <td>77.33</td> <td>2.42</td> </tr> <tr> <td>2016/2017</td> <td>104.09</td> <td>93.68</td> <td>2.83</td> </tr> </tbody> </table> <p><b>Financial Year</b></p> <p>Legend: Water Supplied (maroon bar), Water Abstracted (blue bar), per FTE (black line with square marker)</p>	Financial Year	Water Supplied ('000 m <sup>3</sup> )	Water Abstracted ('000 m <sup>3</sup> )	per FTE	2014/2015	85.23	76.70	2.49	2015/2016	85.92	77.33	2.42	2016/2017	104.09	93.68	2.83
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	Abstracted	76.70	77.33	93.68																		
Per FTE	2.49	2.42	2.83																			
Water Consumption (Non-Office Estate)	Supplied	0.90	0.00	0.00																		
	Abstracted	0.81	0.00	0.00																		
Financial Indicators (£k)	Water Supply Costs (Office Estate)		£23.68	£76.91	£49.52																	
	Water Supply Costs (Non-Office Estate)		£1.24	£0.00	£0.00																	

# Key take aways

1. Two or more: 250+ staff, turnover £36m+, annual balance sheet £18m+
2. Subsidiaries can report themselves unless part of group reporting
3. Low Energy User = 40MWh or less
4. Use data from CRC scheme, ESOS, CCAs and MHGH reporting frameworks
5. UK energy use, associated GHG, one intensity ratio, energy efficiency actions & Methodology used
6. Make sure you have the right resources inhouse or hire a consultant

Remember SECR will be submitted to Companies House through the following accounts:

- Directors' reports
- Limited Liability Partnerships (LLPs) in their annual reports
- Charitable companies in the combined Directors' and Trustees' Annual Report



# Questions?

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Think Energy,  
Let's Save It Together.