

Are UK organisations ready for SECR?



In April 2019, it was announced that 12,000 UK organisations will need to comply with the new Streamlined Energy & Carbon Reporting legislation (SECR).

What is SECR?

SECR is intended to do what it says on the tin! To streamline the reporting burden faced by UK businesses in relation to [Energy](#) and [Carbon](#).

SECR comes off the back of consultation to simplify the UK's approach to Energy & Carbon legislative reporting requirements.

SECR provides a single, consistent approach to annual reporting of energy consumption and greenhouse gas (GHG) emissions for all large companies in the UK. It replaces some energy/carbon legislation such as CRC, but it works alongside [Energy Savings Opportunity Scheme \(ESOS\)](#).

Who must comply with SECR?

SECR affects three groups of businesses in the UK:

1. Quoted companies of any size that are already required to report under mandatory GHG reporting regulations.
2. Unquoted companies, incorporated in the UK, that meet the definition of "large" as set out by the Companies Act 2006. This applies to both registered and unregistered companies.
3. "Large" Limited Liability Partnerships (LLPs).

An unquoted company and LLP is defined as "large" if they meet at least two of the following three criteria during a reporting year;

- Turnover of £36m or greater.
- Balance sheet of £18m or greater.
- 250 employees or more.

What next?

Depending on your company's financial reporting period, you may already be in your first year of [SECR](#).

Whether that is the case or not, by speaking to one of Delta-Simons' [Sustainability](#) team, we can support you in getting ready to face your first SECR reporting period.

Delta-Simons can support throughout [SECR](#) by delivering:

Scoping Consultation – Help you to understand how [SECR](#) regulations apply to your organisation and set a clear and robust methodology and approach to compliance.

Gap Analysis – Review your current data collection and reporting processes, and review against the needs of [SECR](#).

Data Review & Validation – Review your data at various stages throughout the year to ensure ease of final [SECR](#) reporting.

Energy Audits – Conduct [energy audits](#) to help identify suitable and meaningful opportunities for energy saving measures within your business.

GHG and [SECR](#) Reporting – Calculate total [energy consumption and carbon emissions](#) for final [SECR](#) reporting on completion of your accounting period and write environmental statement.

ESOS Compliance – If you have yet to begin assessment to comply with ESOS Phase 2 – deadline of 5th December 2019! – our experienced ESOS Lead Assessors can support you, but you do need to act soon!

***Note:** The definition of a Large company or LLP differs from the definition of a Large Undertaking under the [Energy Savings Opportunity Scheme \(ESOS\)](#).*



Exemptions

Quoted and large unquoted companies and large LLPs can be exempted from reporting under [SECR](#) if they are low energy users – a de minimis level of 40MWh per year total [energy consumption](#).

Unlike [ESOS](#), a company reporting at group level is not obligated to report on any subsidiary companies which does not meet the qualification criteria for [SECR](#) in its o

Where Group level reporting of [energy](#) and [carbon](#) has been made by the UK parent company, a UK subsidiary included within the consolidated group level reporting is not required to include energy and carbon reporting in it's on year end reporting.

What must companies report?

Existing requirements for Mandatory Greenhouse Gas (GHG) Reporting exist for quoted companies – and that remains unchanged by the introduction of SECR.

Quoted companies must continue to report their Global Scope 1 and Scope 2 emissions, along with an appropriate emissions intensity ratio.

However, [SECR](#) introduces additional reporting requirements, including:

- Total energy use.
- Split between UK and overseas energy use.
- Comparison with previous year performance.

Large unquoted companies and large LLPs must report:

- UK Scope 1 and Scope 2 GHG emissions.
- Total UK energy consumption.
- At least one appropriate intensity metric.

All companies must include a written statement providing a narrative describing actions and measures taken during the year to improve energy efficiency and reduce carbon emissions.

Transport energy is included where the company is financially responsible for the fuel, such as the use of company vehicles. Fuel procured as part of a service such as public transport (trains, flights) are not required to be included within [SECR reporting](#).

How does SECR work alongside ESOS?

Many of the companies required to report against [SECR](#) will already have been subject to compliance with the [Energy Savings Opportunity Scheme \(ESOS\)](#).

[ESOS](#) and [SECR](#) are designed to compliment one another, and there is no current intent to remove [ESOS](#) compliance obligations after the UK leaves the European Union.

The simplest way to view the requirements of the two regulations is to consider:

- [ESOS](#) – assessed once every four years – “looks forward” in identifying opportunities to reduce energy consumption and associated carbon emissions. (article: [Does your company qualify for ESOS?](#))
- [SECR](#) – reported annually – “looks backwards” to report the actual energy consumption, emissions and reduction measures implemented during the previous year.

More Information

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