

North Lanarkshire Council Report

Policy and Strategy Committee

Does this report require to be approved?

☒ Yes ☐ No

Ref AMcP

Date

14/03/24

Findings of Internal Audit of Council Approach to Climate Change

From Andrew McPherson, Depute Chief Executive

E-mail mcphersona@northlan.gov.uk **Telephone** 07939 280467

Executive Summary

The purpose of this report is to provide Committee with the detail of the findings of the most recent internal audit into climate change, remitted by the Audit and Scrutiny Panel, and highlight the actions already under consideration to address the findings.

Recommendations

It is recommended that Policy & Strategy Committee:

- (1) Duly consider and acknowledge the implications of the findings of the Internal Audit Report.
- (2) Approve the approach to not only address the audit findings, but to move the Council and North Lanarkshire towards net zero.

The Plan for North Lanarkshire

Priority	Improve North Lanarkshire's resource base
Ambition statement	(25) Ensure intelligent use of data and information to support fully evidence based decision making and future planning
Programme of Work	Sustainable Futures

1. Background

- 1.1 Tackling climate change, whether it is through reducing how much the Council consumes, adapting to the current future impacts or acting more sustainably is a duty that has been in place since 2009 and will continue long after 2045.
 - 1.2 Since the Internal Audit Report of the 24 June 2016 where the Council's carbon management and fulfilment of its duties in terms of the Climate Change (Scotland) Act 2009 was found to give 'Limited Assurance', a great deal of work has been successfully progressed to realise a 'Reasonable Assurance' assessment in the recently completed report. The Council's 47.1% reduction in its footprint is testament to this.
 - 1.3 The purpose of the recent audit was to review the Council's progress in reducing its carbon footprint and to determine:
 - whether the Council has established clear plans linked to available resources to deliver further reductions in carbon emissions in line with climate change commitments the Council is expected to deliver against;
 - whether plans contain clear milestones and targets against which performance can be tracked and whether performance is routinely monitored and reported to key stakeholders;
 - whether governance arrangements surrounding climate change activities are appropriate and operating effectively; and
 - whether carbon impacts are routinely incorporated into the Council's decision-making processes.
 - 1.4 The 'Internal Audit Progress Report' brought before the Audit and Scrutiny Panel on 20 November 2023 included the findings of the report and found:

'...in relation to climate change, the Panel recommend the findings of the relevant Internal Audit report be highlighted to Policy and Strategy Committee, as in the view of the Panel, there needs to be awareness across the organisation that current ambitions in relation to climate change are unlikely to be achieved in the timescales which had been previously agreed by the Council and there needs to be greater clarity as to how the Council will achieve any future targets agreed by the Council and/or statutory targets set by the Scottish and UK Governments.'
 - 1.5 This report shares the findings of the aforementioned Internal Audit Report with Committee so that they are informed of the challenge the Council faces in relation to its ambitious timescale to achieve net-zero. The full report is contained at Appendix 1.
 - 1.6 In June of 2019 a decision was taken by elected members to declare a Climate Emergency and to commit to achieving net zero for North Lanarkshire by 2030. This declaration not only included the Council moving to a net zero position within this timeframe but for the North Lanarkshire area as a whole to be at net zero by 2030.
 - 1.7 This target must be set against the current prescribed Scottish Government targets to achieve net zero by 2045 with interim targets of a 75% reduction by 2030 and 90% by 2040.
 - 1.8 The purpose of this report is to outline the Council's revised approach towards net zero and the associated strategies and legislative requirements which will contribute towards achieving this goal.
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2. Report

- 2.1 The current Climate Action Plan (Act 2030) provides details of the Council's current emissions and sets specific targets for each financial year up to 2029/30. What is now clearly apparent, is that there is no realistic possibility of the Council or the North Lanarkshire area as a whole reaching net zero by 2030. What is required therefore, is a complete review of the Council's overall strategy and a detailed route map of the actions required to achieve net zero. This route map must be realistic, have overall targets/ milestones and be fully costed to allow a full understanding as to the cost in delivering the ambition in line with the legislative requirements established by the Scottish Government.
- 2.2 Along with the Climate Action Plan, there are several other interrelated legal requirements and strategies that will assist with the overall drive to net zero, including:
- Local Heat and Energy Efficiency Strategy (LHEES) – delivering low cost and low carbon heating solutions through local heat networks.
 - Mission Zero for Transport – delivering an electric vehicle charging infrastructure across North Lanarkshire which will allow the transition to low carbon transport.
 - Energy Efficiency in Social Housing (EESH) - sets the minimum energy efficiency standard that all our houses and flats must meet, in stages, up to 2032.
 - Active Travel Strategy - getting people out of cars and providing a network which will enable people to get about North Lanarkshire and beyond by active means – and ties in with our new Town Vision to have everything more local and connected.
 - Biodiversity Action Plan - Nature regulates the climate, and nature-based solutions, such as protecting and restoring wetlands and peatlands, or sustainably managing woodlands and greenspaces, will be essential for emission reduction and climate adaptation.
 - Adaptation Strategy – will set out the actions that the Council will take to mitigate against the current and future effects of climate change.
 - Energy generation – there is a commitment within the new Sustainable Futures Programme of Work to examine the possibility of how the Council can start to generate its own energy as part of a long-term strategy to decarbonise our energy supply but at the same time deliver cheaper energy costs to our own residents.
- 2.3 As can be seen from the above list, there are a considerable number of elements which will contribute towards our net zero journey and demonstrates the complexity and scale of ambition that must be delivered to achieve net zero. It should also be noted that the cost associated with the delivery of many of the elements listed above are substantial. It has been estimated that to deliver a fully zero emission council fleet will cost in the region of £70M and to deliver fully on the ambitions associated with EESH by 2032 has been estimated at around £430 million. It is critical therefore that new Climate Action Plan fully reflects such costs.
- 2.4 Due to the wide variety of different elements contributing towards net zero, a critical success factor will be to ensure that all of these separate but interdependent projects do not work in isolation but are fully aligned to deliver a truly strategic approach towards net zero.
- 2.5 To deliver on this approach, the Council will now create a small but dedicated Climate Action team with the sole purpose of delivering a realistic pathway to net zero. This will address genuine concerns around capacity within individual service areas and all costs

associated with this team will come from pulling existing resources across several service areas.

- 2.6 A critical outcome from this team will be to ensure that climate change is more effectively embedded into the Council's decision-making process. Given the challenge presented by delivering net-zero, the Council needs to be consistently considering the potential carbon impacts of all decisions more explicitly as part of its decision-making processes.
- 2.7 The governance of this approach will be monitored through the Sustainable Futures Programme of Work Board and will be in line with the Public Sector Leadership on the Global Climate Emergency (2021) with regular updates to the relevant service committees and the Environment and Climate Change Committee receiving regular updates on the overall strategic progress towards net zero.
- 2.8 It is also incumbent upon the Council to act as a net zero champion, not only amongst our public sector partners but also amongst our communities and business community. By providing this leadership role, the intention will be to motivate, mentor and assist North Lanarkshire, the place, towards net zero.

3. Measures of success

- 3.1 To deliver a practical and realistic pathway for the Council to achieve net zero.

4. Supporting documentation

Appendix 1 Internal Audit Report (Climate Change)



Andrew McPherson
Depute Chief Executive

5. Impacts

5.1 Public Sector Equality Duty and Fairer Scotland Duty Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact? If Yes, has an assessment been carried out and published on the council's website? https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
5.2 Financial impact Does the report contain any financial impacts? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, have all relevant financial impacts been discussed and agreed with Finance? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact? Creation of the Climate Action Team will come from pulling existing resources from a number of service areas and will predominantly be capital based.
5.3 HR policy impact Does the report contain any HR policy or procedure impacts? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, have all relevant HR impacts been discussed and agreed with People Resources? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact? If approved, colleagues within HR will be involved within the formation of the Climate Action Team.
5.4 Legal impact Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant legal impacts been discussed and agreed with Legal and Democratic? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
5.5 Data protection impact Does the report / project / practice contain or involve the processing of personal data? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, is the processing of this personal data likely to result in a high risk to the data subject? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to dataprotection@northlan.gov.uk

	Yes <input type="checkbox"/>	No <input type="checkbox"/>
5.6 Technology / Digital impact	<p>Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi?</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p> <p>Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)?</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>	
5.7 Environmental / Carbon impact	<p>Does the report / project / practice contain information that has an impact on any environmental or carbon matters?</p> <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p> <p>The detail within this report and its appendix raises awareness on issues/barriers that the Council must overcome in order to successfully deliver on its climate change duties and its own climate ambition.</p>	
5.8 Communications impact	<p>Does the report contain any information that has an impact on the council's communications activities?</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p>	
5.9 Risk impact	<p>Is there a risk impact?</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?</p>	
5.10 Armed Forces Covenant Duty	<p>Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)?</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.</p>	
5.11 Children's rights and wellbeing impact	<p>Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these?</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC).</p>	

If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out?

Yes

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No

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Appendix 1 – Internal Audit Report (Climate Change)

CLIMATE CHANGE

Contents

1. Executive Summary 2. Findings and Recommendations 3. Action Plan

Appendix 1: Audit grading Appendix 2: Leaders' Climate Emergency Checklist

Issued to: Depute Chief Executive and Chief Officer (Asset and Procurement)

Copied to: Climate Change Lead Officer and Chief Executive

Headlines

The purpose of this audit was to review progress made by the Council in reducing carbon emissions and to assess the adequacy and effectiveness of current management arrangements relating to climate change. This audit has made use of a range of reports and guidance published on climate change as a benchmark against which to assess the Council's progress in this area including Audit Scotland's report '*Addressing Climate Change in Scotland*' (March 2022) and the *Leaders' Climate Emergency Checklist*, (see extract at appendix 2) produced by the Sustainable Scotland Network.

The UK Climate Change Committee has stated that the 2020s will be critical across society and the economy for the transition to greater sustainability and net zero, requiring a decisive shift from planning to action, implementation, and rapid progress. The Scottish Government has set a legally binding target of Scotland becoming net zero by 2045, five years earlier than the UK, with all public bodies having a responsibility to contribute to the achievement of this target. The Council recognises that it must act and has declared a climate emergency, previously committing itself and the area of North Lanarkshire to achieving net-zero by 2030.

The Council continues to reduce its' emissions from the baseline year of 2015/16. A recent report to the Environment and Climate Change committee in February 2023, highlighted 2021/22 emissions had been reduced to 46.4% of 2015/16 levels. Further expected reductions to 52.2% are expected by 2025/26. Significant actions will however still be required to deliver the required further reductions if the Council's commitment to net zero is to be realised and there is a recognition that many of the 'quick wins' have already been taken.

In 2021, members approved an updated Climate Plan – Action on Climate Together 2030 (ACT 2030) which forms part of a range of strategies, policies and plans grouped under a refreshed Environment Pathway (previously the Environment Strategy) approved in 2023. The recently refreshed Programme of Work (PoW) to support delivery of the 'Plan for North Lanarkshire' has led to the formation of a Sustainable Futures Thematic Board (replacing the Climate Change Board) whose purpose is to provide strategic leadership and management of all aspects of the Council's climate change duties including a focus on the Council's commitments to net-zero and the associated actions required to make this a reality.

Based on the results of our work, we have assessed this audit as offering '**reasonable assurance**'. We last audited this issue in 2020, when we raised some issues and recommendations around the Council's governance arrangements for responding to climate change, including on target setting and performance reporting. We are pleased to note that the Council can demonstrate ongoing satisfactory actions in response to these previous recommendations. We are also satisfied that the Council's ACT 2030 Climate Plan is aligned with the Council's Plan for North Lanarkshire and the Council has continued to progress actions to reduce carbon emissions and to comply with its statutory responsibility to complete and submit an annual Climate report. **(continued overleaf)**

Internal Audit Opinion (see definition at Appendix 1)

Reasonable assurance (Green-Amber)

Organisational impact (see definition at Appendix 1)

Moderate

Report status	FINAL	Audit ref	0900/2023/010	Date issued	06/11/23
Audit Team	Elaine MacDonald and Paula Hendry				

Headlines (continued)

(Continued from overleaf)

Notwithstanding this progress to date however, it is clear that the commitment to net zero by 2030 was, and remains, hugely ambitious and that delivering this appears to Internal Audit unachievable given a number of relevant challenges facing the Council.

Most significantly these include the difficulty of identifying, planning, financing and progressing in such a short timescale the range of actions likely to be required to achieve net zero by 2030. There remain significant challenges around the cost and affordability of any such actions and their inclusion in relevant financial revenue and capital plans at a time where the Council's overall finances are under significant pressure.

We have therefore raised a number of issues which we consider management require to address. These are detailed at Section 3 of the report and include:

- The current Climate Plan (ACT 2030) needs to be supported by a detailed route map of planned actions designed to achieve net zero/deliver the Council's climate change commitments. This should include realistic overall targets/milestones for the journey to net zero. The detailed route-map should be regularly updated and include information on expected individual project/action timescales, costs and other resource requirements.
- The recently revised governance arrangements for climate change need to be kept under review to ensure they are effective in progressing the delivery of actions designed to achieve the Council's climate change commitments and allowing effective oversight of progress by senior management and elected members.
- Climate change needs to be more effectively embedded into the Council's decision-making processes. Given the challenge presented by delivering net zero, the Council needs to be consistently considering the potential carbon impacts of all decisions more explicitly as part of its decision-making processes.

1. Executive Summary

Objectives

This was a short, focused review designed to review the progress made by the Council in reducing carbon emissions and assessing the adequacy and effectiveness of current management arrangements. It also reviewed how well management has addressed weakness or areas for improvement identified in previous audit reports on this topic.

The audit considered:

- whether the Council has established clear plans linked to available resources to deliver further reductions in carbon emissions in line with climate change commitments the Council is expected to deliver against;
- whether plans contain clear milestones and targets against which performance can be tracked and whether performance is routinely monitored and reported to key stakeholders
- whether governance arrangements surrounding climate change activities are appropriate and operating effectively; and
- whether carbon impacts are routinely incorporated into the Council's decision-making processes.

This engagement has been conducted in accordance with the '*Public Sector Internal Audit Standards*'. The Internal Audit section reports formally on conformance with these standards to the Audit and Scrutiny Panel.

2. Findings and Recommendations

Number and category of recommendations raised (see definition of priority at Appendix 1)	High	Medium	Low
	1	2	1

Key areas requiring management action (High)

The following key area requiring urgent management action has been identified:

- The current Climate Plan (ACT 2030) needs to be supported by a detailed route map of planned actions designed to achieve net zero/deliver the Council's climate change commitments. This should include realistic overall targets/milestones for the journey to net zero. The detailed route-map should be regularly updated and include information on expected individual project/action timescales, costs and other resource requirements.

Good practice identified

We noted the following areas of good practice during the audit:

- The Council's Climate Plan 'Action on Climate Together 2030' (ACT 2030) covers the period 2021 to 2030. It sets out the Council's recognition of the climate and biodiversity emergency and in response to this makes a commitment to act;
- The Council's Climate change agenda is managed under the remit of the recently established Sustainable Futures PoW Board;
- Services have systems and processes in place for data collection and the collation of the data into carbon emission information that is used in the annual Climate Report;
- The Council has produced and submitted its Annual Public Sector Climate Change Duties Report to the Sustainable Scotland Network in a timely manner; and
- The Council is on track to produce its Local Heat and Energy Efficiency Strategy by the statutory deadline of December 2023.

Other areas for improvement (Medium)

A few other areas for improvement were also identified:

- The recently revised governance arrangements for climate change need to be kept under review to ensure they are effective in progressing the delivery of actions designed to achieve the Council's climate change commitments and allowing effective oversight of progress by senior management and elected members.
- Climate change needs to be more effectively embedded into the Council's decision-making processes. Given the challenge presented by delivering net zero, the Council needs to be consistently considering the potential carbon impacts of all decisions more explicitly as part of its decision-making processes.

Ref	Finding	
1	<p>The current Climate Plan (ACT 2030) needs to be supported by a detailed route map of planned actions designed to achieve net zero/deliver the Council’s climate change commitments. This should include realistic overall targets/milestones for the journey to net zero. The detailed route-map should be regularly updated and include information on expected individual project/action timescales, costs and other resource requirements.</p> <p>In response to the Scottish Government’s target to achieve net zero by 2045, the Council declared a climate emergency in June 2019, committing to achieving net-zero within North Lanarkshire by 2030. As a result, the Council created a climate plan - Action on Climate Together 2030 (ACT 2030) which sets out the Council’s recognition of the climate and biodiversity emergency. This plan highlights that against a baseline of 2015/16, the council’s footprint and performance as at 2020/21 has been reduced by approximately 48% and sets a target to increase this to 52% by 2025/26. Given that there are only a further four years to 2030, during which time a further 48% reduction is required to reach net-zero, we consider achievement of this commitment to be very ambitious in such a relatively short timescale particularly in the absence of identification of the detailed and resourced plans necessary to deliver the commitment.</p> <p>The plan concludes by setting out that the next phase is to produce and publish a detailed climate action plan and build a planned route map to 2030. A report was presented to the Environment and Place Committee in August 2022, which provided an update on the Council’s journey to net-zero and contained a consolidated list of Services’ climate actions currently underway to assist in tackling the climate challenges. The report acknowledges that the actions identified to date are not sufficient to achieve the climate target set for 2030 and an acceleration and upscaling of deliberate action is required to achieve net-zero greenhouse gas emissions. The report also highlights that the ability to define the optimum course of action for North Lanarkshire to achieve net-zero emissions sits out with the normal skillset of the Council and proposes that external professional advice is sought. Whilst the list of Services’ actions contained in the Committee report provides a good foundation, our review identified that these have not been translated into a comprehensive action plan which provides actions in SMART terms with responsible officer, timescales, and mechanisms for tracking, monitoring and reporting on progress.</p> <p>The Sustainable Scotland Network guidance on public sector leadership on this global emergency states that climate change must be integrated into financial planning and reporting, including aligning investments and programmes with the priorities of the updated Climate Change Plan to support a just transition to net zero and a green recovery. There is a need to ensure expenditure and financial plans are aligned with emission targets, resources from external sources are accessed, and opportunities to engage in cost effective collaboration exercises are pursued. Presently, the Council’s understanding of cost pressures, direct impacts of climate change and planning for net zero are not mature enough to enable them to be accurately quantified and reflected in the Council’s Medium-Term Financial Plan.</p> <p>As part the revised programme of work and associated governance arrangements to support the Plan for North Lanarkshire, responsibility for climate change now falls under the remit of the Sustainable Futures Programme of Work (PoW) Strategic Board. The delivery plan for the Sustainable Futures PoW theme includes the need to develop a route map/action plan to provide an outline strategy as to how the Council will move to net zero (including outline costs, timeframe and review periods), with an indicative range of actions with timeline across 2024/25 and 2025/26. We understand that appointment of a partner/consultant referenced above will also be taken forward.</p> <p>Notwithstanding progress to date however, it is clear that the commitment to net zero by 2030 was, and remains, hugely ambitious but that delivering this presents, what to Internal Audit appear insurmountable challenges for the Council. Most significantly these include the difficulty of identifying, planning and progressing in such a short timescale the range of actions likely to be required to achieve net zero and challenges around the affordability of such actions and their inclusion in relevant financial plans at a time where the Council’s overall finances are under significant pressure.</p>	
Implication	Recommendation	Priority
If the ACT 2030 does not clearly set out an up-to-date route map and action plan to net zero, the Council may fail to effectively progress towards/achieve its own net zero commitments and/or be timeously alerted to any shortfall that requires remedial action(s) and/or communication to stakeholders.	<p>The Depute Chief Executive (as SRO for the Sustainable Futures Thematic Board) should, as a matter of priority:</p> <p>(1) create a formal detailed action plan/route map setting out in SMART terms planned actions designed to achieve net zero/deliver the Council’s climate change commitments. This should be regularly updated and include information on responsible officers/expected timescales, costs and other resource requirements and include a mechanism for tracking, monitoring and reporting on progress against key milestones/targets to relevant key stakeholders; and</p> <p>(2) as part of the preparation of a detailed route-map, review whether the current timescale for reaching net zero by 2030 remains realistic/achievable, reporting the outcome of this review, along with any revised target dates/milestones, to relevant stakeholders.</p>	High

Management response	Implementation Month/Year
<p>Agree James McKinstry, Chief Officer (Asset and Procurement)</p> <p>As the lead for Climate Change, many actions are currently being taken forward by Asset and Procurement in relation to climate change, including but not limited to completion and submission of the Council's annual public sector climate change duties report, completion of the current phase of the LHEES strategy and delivery plan, participating in the Sustainable Futures Board and ongoing delivery of phase 3 of the non-domestic energy efficiency projects.</p> <p>A 'manageable chunks' approach will be adopted in response to these audit recommendations as net-zero will be a long, unsettled journey with obstacles (such as funding) that will influence the possible direction/path the Council should take. A route map will be developed which will contain what is achievable, however this will not guarantee delivery and it should be noted that at this time it is unclear whether the focus will be on reducing emissions or energy due to the latter being a priority of the Sustainable Futures Board. As such we will seek clarity from the Sustainable Futures Board on their prioritisation of these two linked, by essentially different themes. The findings and recommendations of the LHEES and its delivery plan provide a list of initial steps for the Council to take to progress the decarbonisation of heat and improve energy efficiency and as such contain therein the beginnings to building a pathway to zero by North Lanarkshire. The LHEES Delivery Plan will be updated on an annual basis.</p> <p>With regards to the wider (or all encompassing) pathway to net-zero/local energy plan, once the scope is clarified by the SRO for the Sustainable Futures Thematic Board work will commence, subject to acquiring funding/resource to undertake the following:</p> <ul style="list-style-type: none">• Baselining North Lanarkshire;• Agreeing final scope of work;• Identify internal and external resource requirements; and• Commence work including engagement with relevant stakeholders to develop an action plan for North Lanarkshire.	December 2025

Ref	Finding			
2	<p>The recently revised governance arrangements for climate change need to be kept under review to ensure they are effective in progressing the delivery of actions designed to achieve the Council's climate change commitments and allowing effective oversight of progress by senior management and elected members.</p> <p>Our previous audit (issued May 2020) recommended that the governance arrangements for climate change required to be reviewed to ensure they reflected best practice and incorporated the wide range of actions likely to be required to address the changing expectations and climate change commitments the Council was expected to deliver against. As a result of this recommendation management undertook a review of the governance arrangements for climate change which resulted in the then Climate Change Group being replaced with a Board responsible for monitoring and reviewing all climate related issues and decisions.</p> <p>However, subsequent governance changes were introduced this year as a result of the refreshed Programme of Work which led to the Climate Change Board being dissolved and a newly established Sustainable Futures Programme of Work (PoW) Thematic Board being created which, amongst other responsibilities, has oversight of all aspects of the Council's climate change duties. The aim of this theme is to 'focus commitments to net zero carbon and the associated actions (including energy solutions and investments) required to make it a reality'.</p> <p>We were pleased to note the climate change corporate risk has been reviewed and updated resulting in an increased residual risk score from 16 to 20, due to the increased uncertainty following the recent governance changes and that it is too early to evidence this new Board's reliability/effectiveness in progressing/delivering necessary actions. Internal Audit considers it important that the governance arrangements in this area are kept under review to ensure that the strategic Sustainable Futures Thematic Board is able to effectively discharge this responsibility and/or whether there is a need for a climate change board/steering group or similar to be re-established at a more operational level to develop and progress detailed plans/actions and report progress to the Thematic Board.</p>			
Implication	Recommendation	Priority	Management response	Implementation Month/Year
The work of the Sustainable Futures PoW Board may fail to adequately address the full obligations placed on the Council by its climate change responsibilities.	The Deputy Chief Executive (as SRO for the Sustainable Futures Thematic Board) should ensure that governance arrangements in this area are kept under review to ensure that the Sustainable Futures Thematic Board is effective and able to monitor and progress the delivery of actions designed to achieve the Council's climate change commitments and allow effective oversight of progress by senior management and elected members.	Medium	<p>Agree</p> <p>Andrew McPherson, Deputy Chief Executive (SRO for Sustainable Figures Board)</p> <p>A review of the Sustainable Futures Thematic Board will be undertaken against public leadership guidance and compliance with the public bodies climate change duties to determine whether it provides effective oversight of climate change commitments or if there is a need to re-establish the former Climate Change Board.</p>	April 2024

Ref	Finding			
3	<p>Climate change needs to be more effectively embedded into the Council's decision-making processes. Given the challenge presented by delivering net zero, the Council needs to be consistently considering the potential carbon impacts of all decisions more explicitly as part of its decision-making processes.</p> <p>Moving to net zero carbon represents a significant challenge for all organisations and requires a full understanding and transparency over the impact on carbon emissions of policy choices and day-to-day operational decisions. This is particularly important for decision-makers in situations where there may be significant tensions between achieving net zero/planned carbon emission reductions and other corporate ambitions. Integrating climate change effectively into decision making across all areas of the Council's diverse activities and policies/strategies is understandably complex, will take time and in itself presents both challenges and opportunities. These include financial constraints, access to data required to support decision making processes and relevant skills and capacity.</p> <p>There are clear examples of the Council bringing consideration of climate change issues into decision making as follows:</p> <ul style="list-style-type: none"> Position Risk Assessment template within the project management framework requires consideration to be given as to whether the project fully aligns with carbon/net zero objectives; Capital Programme bid process makes provision for consideration of climate implications in the methodology for prioritising bids; Specific impacts section within all reports to Committee allows report authors to document the environment/carbon impacts and corresponding guidance including a process for undertaking carbon impact assessments to help inform this process; and initial work underway to incorporate more formally climate change/net zero ambitions into procurement procedures to embed sustainable procurement practice into regular procurement activity as a means of contributing towards decarbonising public sector procurement. <p>A brief review of the impacts section of a sample of Committee reports indicates that it is not always clear that due consideration has been given to the carbon impacts with often limited information on the potential carbon impacts conveyed to those tasked with making decisions. It is also unclear the extent to which carbon impact assessments are being undertaken for incorporation into reports. We understand that at present there is no formal scrutiny process in place to ensure that carbon impact assessments are being completed in accordance with corporate procedures, to check the accuracy/completeness of any such assessments and/or to ensure that appropriate documentation is being retained by services to support these assessments.</p> <p>Given the statutory requirement and the Council's own commitment to achieve net-zero, consideration of the carbon impacts of all decisions needs to be given greater attention so that processes and mechanisms can be put in place to more effectively inform decisions being made across the organisation.</p>			
Implication	Recommendation	Priority	Management response	Implementation Month/Year
If climate change/carbon impacts are not incorporated as a key part of all council decision making processes, there is a risk that decisions may be made which run counter to or impact the Council's ability to deliver its net zero obligations and/or commitments.	<p>The Depute Chief Executive (as SRO for the Sustainable Futures Thematic Board) should:</p> <ol style="list-style-type: none"> (1) review how the climate change/net-zero carbon agenda can be more effectively incorporated into the Council's decision-making processes with appropriate guidance and/or training for staff developed as necessary; (2) review how environmental impact consideration can be better and/or more consistently reflected in committee reports to ensure climate change/net zero implications are given appropriate recognition as part of the Council's decision-making process; (3) periodically reviews the effectiveness of decision-making processes in considering climate change/net zero issues. 	Amber	<p>Agree</p> <p>Andrew McPherson, Depute Chief Executive (SRO for Sustainable Figures Board)</p> <p>A review of the Council's existing arrangements for incorporating climate change/net-zero carbon agenda into decision-making processes will be undertaken as well as consideration of other approaches/best practice. A report will thereafter be presented to the Sustainable Futures Board for determining how climate change (mitigation, adaptation and sustainability) will be prioritised and embedded within the organisation. This will include ensuring climate impacts are fully considered in all decision making and reviews to confirm effectiveness of resulting arrangements.</p>	December 2024

Ref	Finding			
4	<p>The completeness and accuracy of data gathering processes needs to be periodically reviewed.</p> <p>Public bodies should carry out an assurance and verification process on greenhouse gas measures. The Public Sector Leadership on the Global Emergency Guidance produced by the Sustainable Scotland Network (SSN) advises that formal internal assurance processes should be signed off by a senior leader. The Council has established robust data collection arrangements in place for waste and fleet fuel. Recent resourcing changes have impacted on the information gathering arrangements for energy however progress with the business stream database via a third party, Inspired Energy, to collate information on energy usage from all utility bills has strengthened this going forward. Information is monitored within Services on an ongoing basis and provided annually for reporting in the annual climate report against targets.</p> <p>There is a need to carry out periodic reviews of the completeness and robustness of these data sources to ensure the information produced from them (on carbon emission tonnes) is accurate and reliable. We understand that recently, work has commenced to introduce indicator definition templates that will more formally set out the scope of relevant data sources, how these will be collated into meaningful information for reporting, by whom and how frequently.</p>			
Implication	Recommendation	Priority	Management response	Implementation Month/Year
Data sources used to calculate emission information may be incomplete and/or inaccurate and fail to accurately reflect the performance and progress across North Lanarkshire to reduce emissions and move towards net zero.	The Depute Chief Executive (as SRO for the Sustainable Futures PoW Board) should ensure that the creation of indicator definition templates for each emission source is completed and shared with relevant service areas. Thereafter arrangements should be put in place to ensure that periodic reviews of the completeness and accuracy of each carbon emission data source is undertaken to confirm that information reported continues to be accurate and complete.	Low	<p>Agree</p> <p>Lynda Stevenson, Climate Change Lead Officer</p> <p>This work has previously been undertaken; however, an update is currently required. Once complete periodic reviews will be undertaken and will align with the annual data collection exercise.</p>	December 2023

Appendix 1 - Audit Grading

Audit reports are graded with an overall assurance opinion, and any issues and associated recommendations are classified individually to denote their relative importance, in accordance with the definitions in the tables below.

Definition of audit assurance and recommendation categories	
Assurance	Confidence based on sufficient evidence that internal controls are in place, operating effectively and objectives are being achieved.

Assurance opinion		
Green	Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Green-Amber	Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Amber-Red	Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
Red	No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Organisational impact	
Major	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole.
Moderate	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole.
Minor	The weaknesses identified during the review have left the Council open to low risk. If the risk materialises it would have a minor impact upon the organisation as a whole.

Recommendation priority	
High	Significant control failure or weakness that, if not addressed, may lead to a major financial, operational or reputational risk to the organisation and/or significantly impact the successful delivery and achievement of the objectives of the area under review. Urgent/Immediate action is required.
Medium	Control failure or weakness that, if not addressed, may lead to a moderate financial, operational or reputational risk to the organisation. Weakness may be individually significant but is unlikely to affect the successful delivery and achievement of the overall objectives of the area under review. The risk of error would, however, be significantly reduced if corrective action was taken. Prompt action is required.
Low	Control failure or weakness that may lead to a minor financial, operational or reputational risk to the organisation. Weakness does not appear to significantly affect the ability to meet objectives. Minor issue raised to improve the efficiency and effectiveness of controls.

Appendix 2 – Extract from the Leaders' Climate Emergency Checklist (Sustainable Scotland Network)

Theme	Foundation (Structured and Focused)	Advanced (Comprehensive and Professional)	Exemplary (Innovative and Transformational)
Strategy	Action on climate change is a strategic corporate priority.	Key areas for action have robust strategies in place to inform delivery.	Climate change is embedded in all organisational strategies and plans, and shapes decision making and resource allocation.
Targets	Targets set with clear baselines, boundaries, inventories and interim targets, supported by delivery pathways and aligned with national policy objectives.	Targets/outcomes set for key functions of the body, including procurement/supply chains, upstream and downstream impacts of the body's functions.	Targets/outcomes go beyond net zero, aimed at regenerative and holistic sustainability transformations.
Governance	Structures are in place to ensure oversight, accountability and transparency in climate-related decision making.	Climate change embedded into decision making at all levels, with evidence reported of how this influences decisions on plans, projects and resources.	The body is proactively influencing partners, citizens and stakeholders to drive change at scale, locally, regionally and nationally.
Delivery	Climate action incorporated in policy development and service design, with policies and projects in place and actively managed	Coordination of delivery across service areas and projects to maximise benefits and avoid unintended consequences.	Working collaboratively to align and scale policies, projects and partnerships on climate action
Finance	Investigating how to align spend with targets and steps being taken to progress.	Understanding of how to align spend with targets. Finance gaps identified and work underway to secure resources.	Resource and spend clearly aligned with targets, climate impact of investments being managed, and collaborations in place to leverage in resources.
Performance	Mandatory climate change reporting used to inform delivery and communicate progress	Progress on climate change is part of regular performance monitoring and accounts and corrective actions taken.	Monitoring is above and beyond mandatory requirements and reporting is shared and reviewed with stakeholders.
Skills	Key staff aware of how climate change is part of their roles and responsibilities.	All staff understand how climate change fits into their activity and key staff taking action to embed climate change.	All staff empowered to act and contribute to climate targets and outcomes.