

Causeway Coast & Glens Borough Council

Energy Management & Climate Change

May 2023

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Executive Summary

Internal Audit Opinion / Assurance Rating

This internal audit was completed in accordance with the approved annual Internal Audit Plan for 2022/23. This report summarises the findings arising from a review of the Energy Management and Climate Change arrangements. The table below summarises the key areas of potential risk which were considered and reviewed (controls considered for each risk are detailed in Appendix B):

Risks Reviewed	Number of Recommendations and Priority Rating		
	1	2	3
There may be a risk that an appropriate framework is not in place to manage climate change issues, including the preparation for mandatory Climate Change Act reporting, leading to unclear climate change commitments, delays in addressing statutory climate change reporting obligations and damage to Council's reputation.	1	3	-
There may be a risk that the Energy Management strategy is not appropriately implemented leading to inefficient use of council resources and financial loss to the Council.	-	1	-
There may be a risk that energy costs are not consistently managed across Council Community centres.	-	1	-

Based on our audit testing we are able to provide the following overall level of assurance:

LIMITED	There are significant weaknesses within the governance, risk management and control framework which, if not addressed, could lead to system objectives not being achieved.
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Definitions of levels of assurance and the priority ratings for recommendations are included in Appendix A.

The weaknesses identified during our audit have been brought to the attention of Management. The weaknesses outlined are those, which have come to our attention during the normal audit work and are not necessarily all the weaknesses, which may exist.

The content of this report has been discussed with officers and management to confirm factual accuracy. The assistance and cooperation received during our review is gratefully acknowledged.

1 Objectives

To ensure that:

- Coordinated efforts are underway within Council in relation to climate change including preparation for climate change (public bodies) reporting regulations.
- The Energy Management Strategy has been monitored, the outcome assessed and reported and the EMS fits with Council's wider climate change obligations.
- Consistent practice in managing energy costs for Community centres is applied across Council.

2 Background

Dealing with climate emergency requires acting on two fronts:

- Mitigation efforts to address the underlying problem by slowing or stopping the rise in fossil fuel emissions, which could irreversibly and catastrophically raise the Earth's temperature e.g., reducing carbon fuel emissions.
- Adaptation which is required to help withstand and minimize the effects of climate change that are already here or developing e.g. considering how to deal with increased flooding risks arising from changing weather patterns.

Causeway Coast and Glens District Council declared a climate emergency in May 2020. A decision was made that all Council new buildings would be net zero buildings, to take advantage at construction/design stages to assist with carbon reduction of the future organisation as opposed to costly retrofitting techniques which will be inevitable across the Council Estate, at a later date.

In 2018 CCAG developed and agreed an Energy Management Strategy (EMS) to control energy costs, be compliant with legislation, and promote awareness within Council of mitigation actions reduce the Council's own energy consumption. Two main areas were identified in which Council could aim to improve energy efficiency and reduce its own energy consumption and costs, Council owned property and Council's fleet of vehicles. 37 actions were identified to achieve these aims. The monitoring of this Strategy was last reviewed by internal audit in 2019/20. A lot has changed since the EMS was first developed. For that reason, Audit has been advised that Council plans to move towards a new and more comprehensive Climate Emergency Strategy (CES). A Climate Emergency Forum (CEF) was previously established by Council but is now dormant.

Energy management is only one aspect of the climate change transition process and there are a wider range of factors that Council, as a whole, needs to consider in relation to climate

change. In addition to the largely mitigation actions identified in the EMS Council must consider and quantify what adaptation is required to help withstand and minimize the effects of climate change that are already affecting the Council district.

The NI Evidence Report 2017 outlined many climate change impacts which are relevant to the responsibilities and services delivered by Local Government. The Climate Change Act (Northern Ireland) 2022 (Act) came into force on 6th June 2022 and sets targets for Northern Ireland to reduce its greenhouse gas emissions, including a target for net-zero emissions by 2050.

DAERA co-ordinates the delivery of the Northern Ireland Climate Change Adaptation Programme 2 – 2019-2024 (NICCAP2). The programme had its legal basis within the UK Climate Change Act (2008). NICCAP3 – 2024-2029 now includes key features of the Climate Change Act (NI) 2022 and will assess progress in preparing for climate change across 13 priority areas, integrating with the NICCAP2 priority areas. NICCAP includes specific actions to be undertaken by Local Government including every council having a published adaptation plan by 2024.

Section 42 of the Climate Change Act requires regulations to be made in regard to climate change reporting by public bodies. The Act requires these regulations to come into operation by 6th December 2023. Energy resilience and energy efficiency are key central aspects when considering delivery of specified carbon budgets to be set by DAERA. DAERA launched a consultation, in March 2023, on developing future regulations that will place climate change reporting duties on public bodies. The type of information that public bodies may be reporting to DAERA is likely to include:

- an assessment of the current and predicted impact of climate change in relation to the public body's functions, as a whole;
- proposals and policies, with associated timescales, that the public body is bringing forward for adapting to, or mitigating the effects of climate change; and
- assessments on the progress that the public body has made to implementing their proposals and policies.

All public bodies, including councils, will need to put a framework (clear roles and responsibilities, measured governance and adequate resources) in place, to support the collection and reporting of climate change data, in preparation for when the regulations required under Section 42 of the Climate Change Act (2022) are enacted.

3 Risks

This audit will consider what actions are underway within Council in relation to key aspects of the changing climate, consideration of Local Governments responsibility to climate change mitigation and adaptation and any preparation for climate change statutory reporting regulations e.g., Climate Change Act (2022) reporting on net zero emissions which are due to come into operation by 6th December 2023. This will focus on the risk associated with:

- Coordination of climate change activities and statutory reporting requirements for Council under the Climate Change Act (2022).

The audit will also review the arrangements in place within the Council in relation to the Energy Management Strategy, focusing on the main risks associated with:

- Adaption, implementation, and monitoring of the EM Strategy in response to wider climate change obligations

As Council's fleet fuel management was considered by internal audit in August 2020, this assignment will consider how Council is managing any risks related to energy costs in selected Council buildings and for the purposes of this Audit we will focus on:

- Energy costs associated with Community centres (17 Council owned Community Centres – 12 managed by Council and 5 managed by Community Groups)

4 Audit Approach

We conducted our internal audit work in accordance with the Public Sector Internal Audit Standards ("PSIAS"). We planned and performed our work to obtain assurance over the operating effectiveness of arrangements in place to address the agreed risks. However, you should not rely on our work to identify all instances of fraud or error which may exist. The responsibility for these matters rest with management of the organisation.

Our audit fieldwork comprised:

- Documenting the systems via discussions with key staff
- Consideration of the key risks within each audit area
- Examining relevant documentation
- Carrying out a preliminary evaluation of the arrangements and controls in operation generally within the Council
- Testing the key arrangements and controls
- Testing the completeness and accuracy of records

The table below shows the staff consulted with and Internal Audit would like to thank them for their assistance and co-operation.

Job Title
Director of Environmental Services
Head of Infrastructure
Energy Officer
Head of Sport and Wellbeing

5 Audit Findings

- 5.1 Risk 1 – There may be a risk that an appropriate framework is not in place to manage climate change issues, including the preparation for mandatory Climate Change Act reporting, leading to unclear climate change commitments and delays in addressing statutory climate change reporting obligations.**

Issue 1 – Roles and Responsibilities

a) Observation- Council has an Energy Officer who was involved in the development of an Energy Management Strategy for Council (2018) and who is consulted on matters relating to energy management and occasionally relating to climate change. We were also advised of a number of initiatives taking place across Council related to climate change. Examples include a project looking at more sustainable options for Council’s fleet of vehicles, tree planting, the use of solar panels on Council buildings, environmental initiatives related to Council’s Community Plan etc. We also note that there are climate change related tenders under consideration in various operational areas relating to developing Energy Strategies & Action Plans, Climate Change reporting etc.

Although Council declared a Climate Emergency in 2020, and there are a number of climate emergency initiatives taking place, this is not happening in a joined-up manner. Climate emergency matters have not been assigned to any individual officer or group of officers.

b) Implication- The absence of clear roles and responsibilities in relation to climate change mitigation and adaptation, including the preparation for mandatory Climate Change Act reporting, leads to uncoordinated climate change activities being considered in isolation across Council. This increases the risk of unclear climate change commitments, possible inefficiencies in approach, missing opportunities for economies of scale, possible delays in addressing climate change mitigation and adaptation, being ill-prepared for statutory climate change reporting obligations and possible damage to Council’s reputation.

c) Priority Rating- 1

d) Recommendation- Council should identify a climate champion (or champions) amongst its Councillors, and SLT should identify, or engage, a climate change officer. This

is necessary to ensure that there is leadership and clear understanding of who is responsible to:

- coordinate identification of Council’s climate goals (re mitigation and adaptation)
- ensure climate goals are interlinked with other Council priorities.
- ensure Council is considering climate change responsibilities attributed to local Councils in legislation and through regional and national initiatives such as NICCAP etc., and
- ensure Council has appropriate mechanisms in place to meet statutory (and possibly voluntary) reporting obligations.

Council should consider developing a cross Council working group to support the climate change officer and to ensure a coordinated approach across Council in responding to the declaration of a Climate Emergency.

e) Management Response- Agree. At the SMT meeting on 12 June 2023 it was agreed that Environmental Services Directorate will take the lead on Climate Change matters.

f) Responsible Officer & Implementation Date- Aidan McPeake - March 2024

Issue 2 – Climate Emergency Strategy (CES)

a) Observation- As noted in the background section of this report a Climate Emergency Forum (CEF) was created with the ultimate ambition to support development of a CES. However, CEF no longer operates and the development of CES stalled. The aim for 2023/24 (if the draft Business Plan 2023-24 for Environmental Services is agreed) is to take forward actions relating to a CES development.

b) Implication- The absence of a Climate Emergency Strategy including details of how Council will manage climate change mitigation and adaptation, leads to uncoordinated climate change activities across Council. This increases the risk of unclear climate change commitments, possible delays in addressing climate change mitigation and adaptation, and being ill-prepared for statutory (and voluntary) climate change reporting obligations.

c) Priority Rating- 2

d) Recommendation- Council should put in place a plan to develop a CES. The CES should lay out a cohesive strategy on climate change initiatives for the coming years, what

<p>Council plans to do in terms of climate change mitigation and adaptation. The CES should be supported by more detailed and costed action plans.</p>
<p>e) Management Response- Agree. Council will put in place plans to develop a Climate Emergency Strategy.</p>
<p>f) Responsible Officer & Implementation Date- Aidan McPeake – June 2024.</p>

<p>Issue 3 – Climate Emergency Plans</p>
<p>a) Observation- Council declared a climate emergency in May 2020 has actioned several climate change mitigating actions under the guidance of the Energy Officer and through the Energy Management Strategy. In addition, there are a variety of climate related initiatives in various parts of Council.</p> <p>DAERA co-ordinates the delivery of the Northern Ireland Climate Change Adaptation Programme (NICCAP) which includes specific actions to be undertaken by Local Government including every council having a published climate change adaptation plan by 2024. Currently Causeway Coast and Glens Borough Council does not have an adaptation plan in place. As mentioned in the background section of this report independent assessment of future NICCAP’s progress will be a legal requirement under the Climate Change Act (Northern Ireland) 2022.</p>
<p>b) Implication- The absence of an adaptation plan increases the risk of possible damage to Council’s reputation.</p>
<p>c) Priority Rating- 2</p>
<p>d) Recommendation- Council should consider preparing an adaptation plan in line with the NICCAP target of having adaptation plans in every Council by 2024. A Toolkit is available (free) from NI Adapts to all Northern Ireland public sector organisations which would be a good basis for developing an adaptation plan. The toolkit is available here https://www.niadapts.org.uk/the-toolkit</p>
<p>e) Management Response- Agree. We will investigate how best to develop an Adaptation plan.</p>
<p>f) Responsible Officer & Implementation Date- Aidan McPeake – December 2023</p>

Issue 4 – Resources for Climate Emergency

a) Observation- As noted earlier the Council declared a climate emergency in May 2020 and has actioned several climate change mitigating actions under the guidance of the Energy Officer and has introduced other climate related initiatives in various parts of Council’s activities. However, Council has not yet developed either an Adaptation Plan or a Climate Emergency Strategy (CES).

The cost of mitigation to reduce emissions or become net zero, or the costs associated with adaptation have not yet been estimated.

b) Implication- The costs to tackle climate emergency are likely to be substantial and may increase over time. In the absence of estimated costs to address the climate emergency or even to develop a CES there is a risk that Council will have insufficient financial resources available when it is required.

c) Priority Rating- 2

d) Recommendation- Council needs to identify and secure funding from existing resources and future national and regional programmes and mechanisms which support carbon reduction, energy efficiency, waste reduction, air quality, biodiversity, climate action partnerships, etc.

e) Management Response- Agree. We will investigate prospective funding to support climate change initiatives.

f) Responsible Officer & Implementation Date- Aidan McPeake – September 2024

5.2 Risk 2 – There may be a risk that the Energy Management strategy is not appropriately implemented leading to inefficient use of council resources.

Issue 5 – Energy Management Strategy (EMS)

a) Observation- (As noted earlier) Council has an Energy Management Strategy in place since 2018 and some discussion to merge this into a wider Climate Emergency Strategy (CES) has taken place but has not progressed.

Progress against the EMS has been reported as part of updates on individual actions at various junctures to various Environmental Services Committee meetings. The EMS contains 37 actions. We reviewed the latest spreadsheet (May 2023) recording progress against each of the 37 actions:

- 17 actions are noted as complete.
- 5 actions are in the latter phases of a planned number of phases e.g., Action 19 - phases 1-3 out of 4 complete.
- Significant challenges and/or lack of dedicated funding have been noted in the spreadsheet against 13 actions.
- 2 actions are not yet addressed.
- There are no target dates in the Spreadsheet.

It is noted that some of the actions planned in the EMS have been impacted by new legislation and/or technological development meaning they are less relevant, no longer relevant or require adjustment.

The 2022-23 Environmental Services Business Plan outlined plans for the EMS to be reviewed to consider the NI Energy Strategy 2050 Net Zero Carbon Target and aligned to Council CES targets and objectives. As noted earlier a Climate Emergency Forum (CEF) was created with the ultimate ambition to support development of a CES. However, CEF no longer operates and the development of CES stalled. The aim for 2023/24 (if the draft Business Plan 2023-24 for Environmental Services is agreed) is to take these actions relating to EMS and CES forward.

There is currently no summary evaluation of the overall impact or effectiveness of the EMS and the 37 actions it contains.

b) Implication- In the absence of an evaluation of the EMS there is a risk that unresolved actions and lessons learned to date are not appropriately considered in any future CES mitigation actions.

c) Priority Rating- 2

d) Recommendation- An evaluation of the EMS which would include details of what has been successful, what should continue to be pursued, what challenges were faced and what actions are no longer viable, affordable, or relevant should be developed and presented to management and Committee.

e) Management Response- Agree. An evaluation of the EMS will be undertaken and reported.

f) Responsible Officer & Implementation Date- John Richardson – December 2023.

5.3 Risk 3 – There may be a risk that energy costs are not consistently managed across Council Community centres.

Issue 6 – Community Centre energy costs

a) Observation - Council owns 17 Community Centres – 12 are managed by Council and 5 are managed by Community Groups. Council has Shared Management Agreements in place for all 5 centres managed by Community Groups detailing who is responsible for the various costs associated with the building. We were provided with 3 signed agreements, and we were advised that 2 will be signed following the completion of an ongoing review of utility consumption and costs. Another SMA is being developed for a 6th Community Group to take over the management of another Council owned Community Centre.

A significant challenge in recent times for Community Groups managing Council Community centres has been the risk/uncertainty around energy costs while balancing the requirement to keep facility use prices at an affordable level for users. Council is in the process of consulting with Community Groups on this issue and are reviewing the energy usage/costs for each centre, and adjusting these for elements separate from the Community Group e.g., use of floodlights at one centre, hired out changing rooms at another etc. Based on the outcome of this analysis (currently being updated to reflect actual 22/2023 energy costs) options for Council paying a subsidy to these groups, towards energy and fuel costs will be presented in a report to Councillors in September 2023.

A lot of coordination across Council was required to obtain all the relevant information for this analysis to ensure it was useful and accurate.

b) Implication- In the absence of regular review and update of energy costs and SMAs there is a risk that subsidies become too low or overly generous in the future and/or that SMAs become outdated or ineffective in the future.

c) Priority Rating- 2

d) Recommendation- Council officers should ensure that an annual review of SMAs and energy costs for Community Centres is carried out. Now that a process has been developed to collate energy usage information for these buildings, to inform subsidies, this should be provided automatically to the respective operational officer in Sports and Community on at least an annual basis and trigger a review of subsidies and SMAs.

e) Management Response- Officers in Sport & Community Facility Management and Community Development will agree a timeframe for review of the agreed subsidy system for SMAs / Community Centres. In conjunction with Council's Energy Manager such a review will be timed to allow for adjustments of the subsidy if required and consultation with Community Groups – no later than one year from the implementation of the agreed subsidy to allow for accurate analysis of previous year's energy costs.

f) Responsible Officer & Implementation Date- Head of Sport & Wellbeing, on behalf of Community Development. Working Group to include SCFM team, Community Development Manager & Energy Manager. First meeting to be timetabled once Council approves proposed subsidy system (Quarter 3, 2023/24) with implementation of subsidy at an agreed time with SMA's, but no later than April 2024.

Appendix A – Assurance Ratings

The framework for audit assurance is set out in DAO 07/16 and summarised below:

Level of Assurance	Definition
Satisfactory	Evaluation opinion: Overall there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified, this should not significantly impact on the achievement of the system objectives.
Limited	Evaluation Opinion: There are significant weaknesses within the governance, risk management and control framework which, if not addressed, could lead to system objectives not being achieved.
Unacceptable	Evaluation opinion: The system of governance, risk management and control has failed or there is a real and substantial risk that the system will fail to meet its objectives.

The priority ratings are also set out in DAO 07/16. They are intended as guidance to help prioritise the impact and implementation of each finding identified, and recommendation made:

Key:

Priority	Corresponding level	Definitions
1	High	Failure to implement the recommendation is likely to result in a major failure of a key organisational objective, significant damage to the reputation of the organisation or the misuse of public funds.
2	Medium	Failure to implement the recommendation could result in the failure of an important organisational objective or could have some impact on a key organisational objective.
3	Low	Failure to implement could lead to an increased risk exposure.

Appendix B – Summary of Controls Reviewed

Risk	Key Areas & Controls Tested
<p>There may be a risk that an appropriate framework is not in place to manage climate change issues, including the preparation for mandatory Climate Change Act reporting, leading to unclear climate change commitments and delays in addressing statutory climate change reporting obligations</p>	<ul style="list-style-type: none"> • Council has a nominated officer(s) responsible for coordinating climate change matters across Council’s Directorates and operations e.g. liaising with DAERA on the ongoing consultation regarding developing future regulations that will place climate change reporting duties on public bodies, advising on climate change initiatives under consideration, ensuring synergy of climate change initiatives across Council etc. • Council has a cross Council plan in place to address climate change matters, coordination of climate change activities and statutory Climate Change Act (2022) reporting. • Council has clear objectives and targets in relation to climate change and its Management and staff clearly understand their responsibility in this regard. • Climate change plans and initiatives are supported by appropriate budget estimates. • Climate change plans and initiatives are subject to appropriate governance arrangements. • Council has considered the costs of climate change activities & reporting and identified appropriate funding.
<p>There may be a risk that the Energy Management strategy is not appropriately implemented leading to inefficient use of council resources.</p>	<ul style="list-style-type: none"> • Performance against the targets and planned activities in the EMS were/are monitored and reported upon on a periodic basis. • The effectiveness of the EMS has been assessed and reported to management and Council. • The EMS has been reconsidered to reflect wider climate change obligations.
<p>There may be a risk that energy costs are not consistently managed across Council Community centres.</p>	<ul style="list-style-type: none"> • Council has an agreed policy on managing the energy costs of all 17 of Council owned Community Centres • Council has a clear policy or plan which identifies ways to make better decisions concerning energy use and consumption at Community Centres • Council has a standard/template agreement in place with Council owned Community Centres which are Community Managed. • The agreement covers responsibility for energy efficiency and energy costs. • The relevant community organisations have signed up to the agreements.

Appendix C - Limitations and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken this review subject to the limitations outlined below:

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future Periods

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- The design of controls may become inadequate; or
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.

