



# Climate Change Strategy: Governance Framework

## City of York Council

### Internal Audit Report

Business Unit: Policy and Strategy  
Responsible Officer: Assistant Director of Policy and Strategy  
Service Manager: Head of Carbon Reduction  
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	P1	P2	P3
Actions	0	6	3
Overall Audit Opinion	Reasonable Assurance		

# Summary and Overall Conclusions

## Introduction

The impacts of climate change are widespread and intensifying, with every region on Earth affected. In response, the UK Government has committed to the legally binding target of reaching net zero carbon output compared to 1990 levels by 2050 and, in 2021, it published its Net Zero Strategy setting out how this will be achieved.

City of York Council (CYC) declared a climate emergency in 2019 and has since published its Climate Change Strategy and Action Plan. These were approved at Council in December 2022. CYC has set an ambition for York to achieve net zero carbon output by 2030, with emissions already having reduced by 39% compared to 2005 levels.

The Climate Change Strategy 2022-2032 (CCS) and Action Plan form part of the York 2032 vision, which aims to make York 'a vibrant, prosperous, welcoming and sustainable city, where everyone can share and take pride in its success.' Alongside the Health and Wellbeing Strategy 2022-2032 and York Economic Strategy 2022-2032, they form the foundation of the vision. The Strategies and the York 2032 10-year plan were approved and adopted by full Council and the Executive on 15 December 2022.

The CCS is organised into eight main themes covering 32 objectives and is guided by five principles. This audit has concentrated on the theme of governance, assessing the effectiveness of the governance arrangements implemented through the Strategy.

## Objectives and Scope of the Audit

The purpose of this audit was to provide assurance to management that procedures and controls within the system ensure that:

- There are suitable and effective internal governance arrangements in place to support the Climate Change Strategy, inform decision making, allow for appropriate disclosures to be made, and to monitor performance.
- There are suitable and effective governance mechanisms in place with the council's citywide partners to support the Climate Change Strategy.
- The impacts of climate change are considered in the council's decision-making process and documented in its risk registers.

## Key Findings

When Council approved the Climate Change Strategy in December 2022, the council had already begun to put governance arrangements in place and these have continued to develop since. Our review of governance arrangements found that they were generally good but there are areas for improvement, some of which officers were already addressing at the time of the audit.

The council has established the Climate Change Programme Board (CCPB) to provide internal oversight and challenge to delivery groups and projects, make recommendations and provide advice to officers, Council Management Team (CMT) and Members, and monitor progress against the Climate Change Strategy. CCPB regularly reports to CMT and PHCMT. Membership of CCPB is generally appropriate, although it was noted that only three of the council's four directorates are represented. Attendance at meetings is not recorded, but information provided by officers suggests certain key officers do not regularly attend the Board. The terms of reference require review to ensure they remain fit for purpose and align with those of York Climate Commission and Sustainability Leads Group.

The council reports to Carbon Disclosure Project (CDP) and Global Covenant of Mayors (GCoM), two internationally-recognised bodies for climate change action reporting. York was included in the Cities A List 2022 by CDP, which names cities that are leaders in environmental action and transparency, and it also received a 'B-' score in 2021. These results have been reported publicly. No feedback is received from GCoM, but there is a dashboard about York on its website capturing its emissions profile and progress against mitigation and adaptation phases.

Carbon emissions are reported annually, most recently in December 2022 for the 2021/22 financial year. There is a suite of key performance indicators that are reported on through the York Open Data website and a dashboard is being developed that will be reported to the Corporate Services, Climate Change and Scrutiny Management Committee.

The Climate Change Strategy Action Plan was approved by full Council in December 2022. The Strategy states that the Action Plan is intended to be a live document that is reviewed annually. All of the actions have been assigned an impact and cost rating, but only some have been assigned timescales, co-benefits, constraints and influences. A progress update on the Climate Change Strategy Action Plan was reported to the relevant Executive Member in May 2022, but one has not yet been provided for 2023.

The council's Climate Change Strategy states that the council is directly responsible for less than 4% of York's total emissions. The action plan *"Require[s] the climate commission for York, to create a partnership to collaborate, drive, support and track climate change progress across the city"*.

As the council has little direct control over the city's total emissions, being able to effectively influence organisations and residents is crucial to the achievement of the Strategy's objectives. To this end, the council established the Sustainability Leads Group (SLG) and York Climate Commission (YCC) to bring together organisations from across the city. Officers noted that SLG has an operational focus, while YCC had a strategic focus. SLG has been operating since July 2021, with clear evidence of practical actions being taken, but YCC has been on hiatus since December 2022. YCC's terms of reference, while reasonably comprehensive, have not been updated since December 2020. No meeting minutes are kept. SLG's terms of reference do not include version history or meeting frequency. Meetings are held regularly and an action log is maintained, although this does not record attendance at meetings. While the SLG is operating effectively, amendments are required to its terms of reference to ensure they remain fit for purpose. YCC is not currently operating, minutes of its meetings have not been kept and there is no evidence of an annual report having been produced. However, there are plans to reinstate YCC.

The council has implemented changes to its project management process and internal decision making process. Reports will now include narrative on the alignment of a decision to the Climate Change Strategy and the report template recommends that report authors engage with the CCPB and Head of Carbon Reduction to understand the impacts of the decisions they are making. Training on the new report template is due to be provided to officers at Leading Together on 11 September 2023. However, as these changes are recent, it is too early to assess whether they have been effective.

Our review of service plans and risk registers found that key service areas, such as Policy & Strategy and Transport & Planning, have identified climate-related actions in service plans, but others have few (Finance & Procurement) or no references (Adult Social Care & Integration). Climate risks are included in the corporate risk register. However, these are not reflected at the directorate risk register level.

## **Overall Conclusions**

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. Our overall opinion of the controls within the system at the time of the audit was that they provided Reasonable Assurance.

# 1 Clarifying the Climate Change Programme Board's governance arrangements

## Issue/Control Weakness

The CCPB terms of reference require review and alignment with YCC and SLG terms of reference.

There is a discrepancy between stated CCPB membership and actual meeting attendance and not all council directorates are represented.

Action logs do not provide clarity on attendance and updates received from delivery groups and officers.

## Risk

Failure to ensure that the CCPB remains fit for purpose and is attended by key council officers and delivery groups may impact on the council's ability to deliver actions and meet the aims of the Climate Change Strategy.

## Findings

The Climate Change Programme Board's (CCPB) terms of reference are generally suitable, but they do not include a review frequency to ensure they remain fit for purpose. The terms of reference state that CCPB will meet monthly, but notes from the action logs show that officers agreed to meet every six weeks. There is also a discrepancy in reporting arrangements between the terms of reference for CCPB, York Climate Commission and Sustainability Leads Group. The arrangements state that CCPB will receive updates on the work of YCC and SLG, while YCC's terms of reference state it will discuss progress with the council's Climate Change Policy Scrutiny Committee and publish an annual report, and SLG's terms of reference do not include any reporting arrangements.

CCPB does not keep meeting minutes, but instead maintains an action log. The CCPB should receive updates on actions and projects from council delivery groups. While the action logs and agendas indicate officers are attending to provide updates, and are taking actions between meetings, recording information in an action log makes it less clear which delivery groups and officers have attended to provide updates. Until recently, CCPB has relied on the knowledge of its members to ensure that relevant projects are considered. Recent changes to the council's internal decision-making processes should provide CCPB with greater oversight of projects and delivery groups, but it is too early to assess whether these arrangements are effective.

The action log also does not record attendance by officers. The CCPB terms of reference show that there are nine members of CCPB, all of whom are heads of service, assistant directors or directors. However, attendance information provided by the Head of Carbon Reduction suggests that three of these officers have not attended a meeting. Five of the six other officers had attended between six and nine of the 10 meetings held between February 2022 and May 2023. Seven other officers were listed as having attended a meeting, some likely as deputies for CCPB members, but only one (Head of Communities) has attended more than half of the ten meetings.

CCPB membership covers three of the four council directorates, with representatives from Corporate Services, Place and Children and

Education. However, Adult Social Care and Integration is not represented. While the three directorates represented are key to delivery of actions in the Strategy, there may be a role for the Adult Social Care and Integration directorate in making its services more environmentally sustainable. This is recognised in the CCPB terms of reference, which states that the Climate Change Programme 'requires multiple areas of the council working together to deliver climate change action' and that 'climate change influences decisions in all parts of the council'.

### Agreed Action 1.1

Council Management Team (CMT) will review the suitability of current CCPB membership and emphasise the importance of members making best endeavours to attend meetings.

<b>Priority</b>	2
<b>Responsible Officer</b>	Assistant Director of Policy & Strategy & CMT
<b>Timescale</b>	31 October 2023

### Agreed Action 1.2

The CCPB terms of reference will be reviewed to ensure they are fit for purpose and aligned with YCC and SLG terms of reference. The action log will include attendance records and make clear any recommendations made on projects or decisions for CMT to consider.

<b>Priority</b>	3
<b>Responsible Officer</b>	Assistant Director of Policy & Strategy
<b>Timescale</b>	31 October 2023

### Agreed Action 1.3

Directorate Management teams will have an agenda item to contact CCPB with upcoming decision reports so that climate change impacts can be reviewed.

<b>Priority</b>	2
<b>Responsible Officer</b>	Assistant Director of Policy & Strategy & CMT
<b>Timescale</b>	31 October 2023

### Agreed Action 1.4

CCPB's bimonthly report to CMT will include a section on recommendations regarding projects or decisions for CMT to consider.

<b>Priority</b>	3
<b>Responsible Officer</b>	Head of Carbon Reduction
<b>Timescale</b>	30 Sept. 2023

## 2 Reviewing the Climate Change Strategy Action Plan

### Issue/Control Weakness

The Climate Change Strategy Action Plan contains actions for which funding and delivery mechanism have not yet been identified. A decision has not been made on whether to provide an action plan update to Members.

### Risk

There is a lack of progress on or ownership of actions, leading to a failure to achieve the aims of the Climate Change Strategy.

### Findings

The Climate Change Strategy Action Plan was approved by full Council in December 2022. A progress update on the Climate Change Strategy Action Plan was reported to the relevant Executive Member in May 2022, but one has not yet been provided for 2023. The Strategy states that an action plan will be developed that 'is clear in its resourcing, responsibilities and timescales while demonstrating progress, transparency and accountability' (p.58). The Strategy also commits to publishing an annual action plan and keeping it up to date with formal annual reviews. The action plan 'provides high-level estimates covering carbon impacts, cost implications, timescales, co-benefits, constraints, level of council influence and current stage of implementation' (p.26).

While some actions are in progress and an update on progress was provided to the Executive Member for Environment and Climate Emergency in May 2022, many actions have not yet been assigned timescales, co-benefits, constraints or influences. Discussion with the Head of Carbon Reduction (HCR) found that the Action Plan timescales and influences are deliberately high-level because not all of the actions have funding at this stage. As funding and delivery mechanisms are identified, specific action owners and timescales will then be allocated. The action plan update taken to the Executive Member for Environment and Climate Emergency in May 2022 gives more precise timescales, although it does not give action owners. The HCR stated that the annual review of the action plan had not yet been scheduled and it had not been decided whether another action plan update would be provided to Members in 2023.

### Agreed Action 2.1

The Climate Change Strategy Action Plan will be refreshed to focus on deliverable SMART actions. The refresh will be completed once the Council Plan 2023-27 has been published.

<b>Priority</b>	2
<b>Responsible Officer</b>	Head of Carbon Reduction
<b>Timescale</b>	30 Sept. 2023

### Agreed Action 2.2

The Climate Change Action Update will be updated to cover the period since the previous update. Annual updates will be scheduled with the Executive Members for Environment and Climate Emergency.

<b>Priority</b>	2
<b>Responsible Officer</b>	Head of Carbon Reduction
<b>Timescale</b>	30 Sept. 2023

### 3 Ensuring climate change-related risks and actions are reflected in directorate risk registers

#### Issue/Control Weakness

Climate risks are included in the corporate risk register. However, these are not reflected at the directorate risk register level.

#### Risk

A lack of visibility of climate change risks at directorate level may mean risks are not adequately addressed.

#### Findings

Our review of the corporate and directorate risk registers found that climate change risks are included in the corporate risk register, but these are not reflected at the directorate risk register level.

Climate change is recognised in the corporate risk register under Key Corporate Risks (KCRs) 1, 6 and 12. These cover the financial, health and wellbeing, and major incident implications of climate change. The main controls associated with these risks are: Climate change mitigation and adaptation programme; Regular review and reporting of carbon emissions; and Carbon reduction and climate change action plan regular updates to PH/CMT.

Many of the council's service plans recognise the need to take action to address climate change-related issues. Review of the current service plans found that service areas that are central to achievement of the aims of the Climate Change Strategy (Policy & Strategy; Governance; Environment, Transport & Planning; and Economy, Regeneration and Housing) included multiple references to climate change and carbon reduction, as well as actions to take.

However, our review of the corresponding directorate risk registers found that they do not make reference to climate change risks. Directorate risk registers for Place, Customer and Communities, Public Health, and Adult Social Care and Integration were reviewed. Children and Education directorate has not maintained a directorate risk register since 2021 (see Risk Management audit 2022-23). Of the registers reviewed, only the Place directorate referenced climate change. However, this was in relation to KCR 12. It was not explicitly referenced in the Place directorate Risks (PRs) that sit below the KCRs.

#### Agreed Action 3.1

The Carbon Reduction team will work with council departments to support them to recognise and understand climate change risks in their services. Directorate risk registers will be updated to include relevant climate change risks.

**Priority**

2

**Responsible Officer**

Head of Carbon Reduction & Council Management Team

**Timescale**

31 March 2024



## 4 Reinstating the York Climate Commission

### Issue/Control Weakness

The York Climate Commission has been on hiatus since December 2022. Its terms of reference are out of date and meeting minutes are not kept.

### Risk

There is a lack of visible leadership across York to reduce the city's climate impact, preventing the council from achieving the aims of the Climate Change Strategy.

### Findings

The council's Climate Change Strategy states that the council is directly responsible for less than 4% of York's total emissions. The action plan 'Require[s] the climate commission for York, to create a partnership to collaborate, drive, support and track climate change progress across the city'. The council established the York Climate Commission (YCC) in December 2020, but it has been on hiatus since December 2022.

The Assistant Director of Policy and Strategy (ADPS) and Head of Carbon Reduction (HCR) explained that YCC met quarterly in its first year and received a small amount of funding from the council. The Executive Member for Environment and Climate Emergency chaired it at that time. In its second year, YCC did not receive funding and officers observed that it was more limited in terms of the actions it could take. Officers also noted challenges with attendance because some of the organisations on YCC also attended the Yorkshire and Humber Climate Commission (YHCC). The ADPS and HCR attend working groups on climate adaptation and net zero on YHCC.

Following the May 2023 local elections, the ADPS and HCR are aiming to reinvigorate YCC. They are intending to meet with Executive Members to discuss reinstating the group, although these discussions had not occurred at the time of the audit.

As part of reinvigorating YCC, officers will need to ensure governance arrangements are fit for purpose. Meeting minutes were not kept under the previous incarnation of the Commission. YCC has terms of reference dating to December 2020. These are reasonably comprehensive, but will require updating when YCC is reinstated.

### Agreed Action 4.1

The York Climate Commission will be reinstated. Terms of reference will be reviewed and updated. Meeting minutes or action logs will be kept and attendance will be recorded.

**Priority**

2

**Responsible Officer**

Head of Carbon Reduction

**Timescale**

30 September 2023

## 5 Updating the Sustainability Leads Group's terms of reference

### Issue/Control Weakness

The Sustainability Leads Group terms of reference are not comprehensive or up to date.

### Risk

If terms of reference are not suitably defined and kept up to date, the SLG may not meet its aims.

### Findings

The Sustainability Leads Group's (SLG) terms of reference has no version history or review frequency included. Meeting frequency is not stated. SLG meetings are held approximately every 2-4 months, with agendas circulated prior to meetings. An action log is kept, rather than formal minutes. This records the members of the group, but not attendance. Members are listed, but key positions, e.g. the chair, are not, and the process for appointing members is not defined. The purpose of the group is stated, as well as points on communications and standing agenda items. However, the terms of reference do not state what, if any, reporting will be done by the group.

### Agreed Action 5.1

The Sustainability Leads Group terms of reference will be reviewed and updated to ensure they remain fit for purpose.

#### Priority

3

#### Responsible Officer

Assistant Director of Policy & Strategy

#### Timescale

31 October 2023

## Audit Opinions and Priorities for Actions

### Audit Opinions

Our work is based on using a variety of audit techniques to test the operation of systems. This may include sampling and data analysis of wider populations. It cannot guarantee the elimination of fraud or error. Our opinion relates only to the objectives set out in the audit scope and is based on risks related to those objectives that we identify at the time of the audit.

Our overall audit opinion is based on 4 grades of opinion, as set out below.

### Opinion Assessment of internal control

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.
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.
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.
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.

### Priorities for Actions

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

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