

## INTERNAL AUDIT REPORT

# CARBON ADAPTATION AND REDUCTION

CITY OF YORK COUNCIL

	Critical	Significant	Moderate	Opportunity
Findings	0	0	3	1
Overall audit opinion	Substantial assurance			

Status: Final

Date Issued: 21 July 2025

Responsible Officer: Interim Director  
of City  
Development

## INTRODUCTION

Climate change and its consequences is one of the main challenges faced by all communities, public and private institutions alike. In March 2019, the City of York Council ('the council'), declared a climate emergency to recognise these consequences and the council's role in helping to tackle the causes and impacts of climate change. Subsequently, the council developed a Climate Change Strategy ('the Strategy') and a Climate Change Action Plan ('the Action Plan') to guide the implementation of the Strategy. Both documents were approved by Council in 2022. As part of this Strategy, the council has set an ambition for York to achieve net zero carbon output by 2030 and this Strategy forms part of the wider York 2032 vision for the city. The Action Plan was recently updated and approved by the Executive Member for Environment and Climate Change in November 2024. A biennial review cycle for the Action Plan was also agreed.

A fundamental basis for the council's Strategy and Action Plan is the annual reporting of carbon emissions. This data enables the organisation to track the key sources of carbon emissions and assess the effectiveness of strategies to meet the council's climate emissions targets. The council produces two separate emissions reports each year: a city-wide York Emissions Inventory Report ('YEIR'), and a corporate Annual Carbon Emissions Report ('ACER').

The YEIR provides information on emissions across the York local authority area, with the aim of monitoring the council's progress towards its net zero target of 2030. The data is sourced from the Department for Energy Security and Net Zero ('DESNZ') local and regional greenhouse gas emissions statistics. The ACER focuses on the emissions produced from the council's operations. Data for this report is sourced from various locations and compiled using the Local Government Association's ('LGA') Greenhouse Gas Accounting tool as a reporting framework.

## OBJECTIVES AND SCOPE

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

- ▲ A suitable Action Plan is in place that supports the achievement of the council's Climate Change Strategy and enables monitoring of progress against this Strategy.
- ▲ There is a robust procedure in place to identify, collect, accurately assess and report on council and city-wide carbon emissions data.

## KEY FINDINGS

An Action Plan is in place that is aligned with the council's Climate Change Strategy. Nevertheless, testing found that the actions within the public-facing version of the Action Plan were not always worded in a reader-friendly manner, and performance indicators and timescales for completion were often not specified. In addition, the informative labels that accompanied the actions, indicating their carbon saving impact, cost and timeframe, were not clearly defined. Thus, an external reader would not be readily able to understand the contents of the Action Plan or grasp how progress would be monitored for many of the actions. However, this level of detail was often recorded in the draft versions of the plan used by the Carbon Reduction Team ('CRT').

A review of arrangements to update the Action Plan confirmed there is a clear, biennial process established to ensure it is updated at the intervals agreed by the Executive Member and all relevant parties are consulted as part of this update. Nevertheless, it was noted that updates may be made to the Action Plan without verifying the information provided by action owners, which increases the risk of updates being inaccurate.

Regarding emissions reporting, a sound control environment is in place for the identification, collection and reporting of carbon emissions. This was particularly the case for the YEIR, where a reperformance of the report discovered no errors in its calculation and preparation. In terms of the ACER, fieldwork identified clerical mistakes made in the processing and entry of source data, although these had a negligible impact in the emissions totals. The reperformance of this report also identified minor omissions in Scope 2 emissions, and the potential for expanding the extent of Scope 3 reporting to increase the accuracy of emissions reported.

## OVERALL CONCLUSIONS

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

## 1 Wording and categorisation of the actions within the Action Plan

**Moderate**

### Control weakness

The actions in the Action Plan do not have clear completion timescales, or KPIs. The criteria behind the categorisation of actions are not transparent and it is unclear which actions are the responsibility of the council or third parties.

### What is the risk?

The actions in the Action Plan are not achievable, and achieving them may not be enough to meet the objectives stated in the Climate Change Strategy. Progress against the Action Plan cannot be easily identified or monitored.

### Findings

There are no legislative or statutory requirements specifically governing the creation and maintenance of climate change action plans for local authorities. Nevertheless, a well-crafted action plan is essential for enabling the council to achieve the objectives set out in its Climate Change Strategy. A review of the Action Plan found that it covered all key themes established in the council's Climate Change Strategy, but the wording of actions did not consistently meet S.M.A.R.T. goal criteria<sup>1</sup>. Whilst all the actions were found to be relevant for addressing the Strategy's objectives, most of them lacked specific timescales for completion. Similarly, the wording of many actions did not include success metrics, nor allow the reader to infer how progress or completion could be checked, or whether the council or a third party was responsible for the action.

The actions within the Plan are categorised in terms of carbon savings impact, cost, timescale for completion, and co-benefits. The published version of the Action Plan does not include a key with definitions of the category labels used but this is documented in a draft, internal version of the Action Plan. Likewise, the published version of the Action Plan does not explain the methodology underlying the categorisation process, and this was also not documented in the draft version. Including a key explaining the various labels would make the published version more transparent.

### Agreed action

The CRT will revise existing actions to ensure they meet S.M.A.R.T. goal criteria as part of the biennial review cycle. The CRT will also add a key and legend to the next iteration of the Action Plan.

**Responsible officer:** Head of Carbon Reduction**Timescale:** 31 October 2026

<sup>1</sup> S.M.A.R.T goal criteria, established by George Doran, suggests that all goals should be specific, measurable, achievable, realistic and time-bound.

## 2 Actions are updated based on unverified information

**Moderate****Control weakness**

Updates to actions within the Action Plan are made without supporting evidence from action owners.

**What is the risk?**

The updates do not reflect the actual progress against an action's objective, therefore hindering the council's ability to monitor their progress against the Climate Change Strategy and reducing confidence in the accuracy of the Action Plan.

**Findings**

In order to update the Action Plan with the progress made throughout its lifecycle, the CRT contacts action holders and asks them to report on the status of their projects.

During the audit, we were provided with examples of these communications, including the progress updates the CRT received. However, none of the updates we reviewed included supporting evidence to substantiate the reports.

The CRT confirmed that they do not require action holders to provide evidence of their progress in completing the actions.

**Agreed action**

The CRT will request evidence of progress against actions from action owners in the next update of the action plan.

**Responsible officer:** Head of Carbon Reduction**Timescale:** 31 October 2025

### 3 Reporting of biomass-related Scope 2 emissions

**Moderate****Control weakness**

The council is not reporting the emissions derived from their biomass-generated electricity consumption in line with reporting guidance.

**What is the risk?**

By omitting a source of emissions in their reporting, the council may not be able to accurately monitor progress towards achieving their emissions targets and this may impact decision making.

**Findings**

The Greenhouse Gas ('GHG') Protocol Scope 2 Guidance document<sup>2</sup> states that CH<sub>4</sub> and N<sub>2</sub>O emissions derived from electricity consumption generated from biomass should be reported within Scope 2 (p. 61). This is because the generation of energy from biomass still produces GHG emissions, and thus should not be treated as a zero-emission factor (p. 57).

The council has a green energy tariff with electricity generated from a variety of renewable sources including hydro, wind, solar, and what appears to be biomass, according to the provider's fuel mix disclosure<sup>3</sup>. The tariff has an independently assured REGO certification, but it is unclear how much of the energy mix is generated from biomass.

The National Audit Office ('NAO')<sup>4</sup> note that biomass can be regarded as fully sustainable if the fuel sources are sustainably managed, but this should be assured through internationally recognised certification schemes, such as the Sustainable Biomass Program. We were unable to find any mention of these certifications on the Npower website or in the certificates they provide to their green tariff customers.

**Agreed action**

The CRT will include emissions derived from biomass-generated electricity consumption in their next ACER.

**Responsible officer:** Head of Carbon Reduction**Timescale:** 31 October 2025

<sup>2</sup> [Greenhouse Gas Protocol Scope 2 Guidance \(2023\)](#).

<sup>3</sup> [Npower 2023-24 Fuel Mix Disclosure. This tariff does not guarantee that all energy will come exclusively from hydro, wind and solar, as is guaranteed under other tariffs.](#)

<sup>4</sup> [The government's support for biomass, National Audit Office \(2024\)](#).

## 4 Expanding the range of emissions sources covered in Scope 3 and Outsourced Scope 3

### Opportunity

#### Area for potential improvement

The most recent Annual Carbon Emissions Report excluded a range of council services from Scope 3, and only included one contract in their Outsourced Scope 3 Emissions reporting.

#### What is the opportunity?

By gradually expanding the range of carbon emissions sources included in the annual emissions reports, the council's reporting will create a more accurate representation of the emissions generated by the organisation, and thus enable more realistic monitoring of the council's progress against their net zero objectives.

#### Findings

Scope 3 emissions are those that occur in an organisation's value chain, either upstream (e.g., business travel, capital goods, waste generated in operations) or downstream (e.g., leased assets, investments). Due to the wide range of emissions sources that can be included in an organisation's Scope 3 reporting, the GHG Corporate Protocol<sup>5</sup> recommends undertaking a prioritisation exercise to identify the most important emissions sources in an organisation's supply chain. Crucially, organisations can set the criteria for what constitutes "most important" (e.g. magnitude of GHG emissions, financial spend, revenue, risk exposure, stakeholders' opinions, etc.).

Over the course of our fieldwork, it was found that the CRT had not undertaken the type of mapping exercise recommended by the GHG Corporate Protocol. Instead, the CRT had incorporated emissions sources in their Scope 3 and Outsourced Scope 3 on the basis of data availability. In order to increase the completeness and accuracy of the ACER year on year, the CRT should consider establishing their reporting priorities in terms of Scope 3 emissions and aim to gradually include the sources that fulfil their prioritisation criteria, alongside the emissions that they are already reporting on.

#### Agreed action

The CRT will reconsider Scope 3 reporting priorities in future ACERs.

**Responsible officer:** Head of Carbon Reduction

**Timescale:** 31 October 2026

<sup>5</sup> [Corporate Value Chain \(Scope 3\) Accounting and Reporting Standard, Greenhouse Gas Protocol.](#)

## Audit opinions

Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit. Our overall audit opinion is based on four 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.

## Finding ratings

Critical	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Significant	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Moderate	The system objectives are not exposed to significant risk, but the issue merits attention by management.
Opportunity	There is an opportunity for improvement in efficiency or outcomes but the system objectives are not exposed to risk.

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