



Hinckley & Bosworth Borough Council - Internal Audit Report
Carbon Neutral Action Plan
July 2023

Final Report

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01 Introduction

As part of the 2021/22 Internal Audit Plan for Hinckley and Bosworth Borough Council (the Council), we have undertaken a review of the Carbon Neutral Action Plan. The objective of the audit was to provide Members, the Chief Executive and other officers with reasonable, but not absolute, assurance as to the adequacy and effectiveness of the key controls relating to the Carbon Neutral Action Plan.

We are grateful to the Private Sector Housing & Climate Change Manager and other staff for the assistance they provided to us during the course of the audit.

This report summarises the results of the internal audit work and, therefore, does not include all matters that came to our attention during the review. Such matters have been discussed with the relevant staff.

02 Background

The recent release of the Government's net zero strategy and the United Nations COP26 Conference have heavily intensified the focus on the need to mitigate and reverse climate change. Projections show that current pledges are not sufficient to restrict the global average temperature rise to 1.5°C, bringing us towards climate 'tipping points' resulting in irreversible damage and instability. It is therefore crucial that organisations step forward and take immediate action to drive meaningful, lasting change to safeguard against the wide-ranging risks posed by climate change. Local authorities are well positioned to lead on decarbonisation with wide-ranging service offerings and direct links with communities.

In July 2019, the Council declared a climate emergency in recognition of the substantial and imminent challenges posed by climate change. As part of the declaration, targets were implemented to make the Council carbon neutral by 2030 for direct emissions, and an ambition for the borough to be carbon neutral by 2050, in line with the government target of net zero emissions by 2050.

The Council pledged to report a Climate Change Action Plan (the Action Plan) within six to nine months of the declaration, detailing how the Council

will achieve the 2030 commitment, including staff time and resources required. The action plan was accompanied by the 2020/21 Climate Change Strategy.

The Corporate Plan for 2022 to 2025 details the Council's vision across themes of People, Places and Prosperity. The Climate Change Strategy supports the corporate plan vision of 'creating great places to live, work and relax through creating clean and attractive places to live and work.'

In January 2022, a new Climate Change Strategy was approved by the Council, with the themes of Buildings and Land Use; Travel; Community; Waste; and Economy. The current Climate Change Strategy covers the period until 2024 and was approved in January 2022. The Strategy lists a number of actions to be taken, broken down across the five aforementioned categories.

The strategy is supported by an action plan, which should be reviewed at least annually. Ownership for the Climate Action Plan is with the Carbon Reduction and Climate Change Officer, supported by the Private Sector Housing and Climate Change Manager.

As at Summer 2022, HBBC's action plan is recorded and maintained on the governance software In-Phase.

There are a number of groups involved with the Council's Climate Strategy and Action Plan. The Cross Party Working Group (Member's Group) is made up of seven members. They are responsible for **monitoring progress against the climate change action plan** and meet quarterly.

An Officer Climate Change Group made of Officers from across the organisation, meets monthly. The Group is supported by the Director (Community Services). This group monitors progress against the Action Plan and oversees a series of Task and Finish Groups, each responsible for one of the themes within the Action Plan (Buildings and Land Use; Travel; Community; Waste; and Economy).

These Task and Finish groups meet monthly, and were established to begin to deliver the tasks within the current Action Plan, to reduce carbon usage and to achieve the set net zero target.

03 Key findings

Assurance Rating



Limited Assurance

Rationale

Based on the agreed scope and rating criteria (see **Appendix A1** for the detailed scope and definitions of the assurance ratings), there is **Limited** assurance over the system of internal control evaluated.

Whilst we understand that this is a new stream of work for the council that has required significant culture change, the audit focused on assessing the control framework in place at the time of the audit, and was not an assessment of progress in this audit area.

We have identified several areas of fundamental and significant control deficiency. Further detail regarding the recommendations is in **Section 04** and a summary of key observations is included below.

Priority	Number of Recommendations
High	2
Medium	6
Low	-
TOTAL	8

3.1 Examples of areas where controls are operating reliably

- In January 2022, a new Climate Change Strategy was approved by the Council, with the themes of Buildings and Land Use; Travel; Community; Waste; Economy.

- The Corporate Plan for 2022- 2025 details the Council’s vision across People, Places and Prosperity. The Climate Change Strategy supports the corporate plan vision of creating great places to live, work and relax through creating clean and attractive places to live and work.
- All actions in the plan have a linked category. All actions have an individual listed as owner and are noted as ‘In Progress’.
- Management introduced a Climate Change Report for the Senior Leadership Team. This was first issued in July 2022 and is due to be issued quarterly.
- HBBC participates in a quarterly Green Living Group, along with the other Leicestershire District and Borough Councils, Leicestershire County Council and Leicester City Council. The Terms of Reference for the Group states they will ‘provide a forum for co-ordinating and collaborating on the development and implementation of the group members commitments and objectives to green living initiatives.
- Management hold a monthly Climate Change meeting with the Executive Member for Climate Change. We confirmed that agendas were in place monthly from December 2021 to present.

3.2 Risk Management

At the beginning of fieldwork, we requested to see the Council’s Corporate Risk Register, as stored in In-Phase. The first version of the Risk Register (August 2022) did not include any risks related to the declared climate emergency. However, this was updated during the course of the audit and the October 2022 version included a risk (S55-Climate Emergency).

Mitigating actions listed in the Risk Register on In-Phase, as at 13 October are:

Cross party member working group and officer working group established, task and finish groups are working to deliver the climate change strategy and an action plan has been developed which is reviewed quarterly. There is a quarterly update report for SLT. Work is

also being undertaken in partnership with the other Leicestershire districts and county council.

Our fieldwork identified that some meetings are not held consistently and the oversight of the Action Plan in these meetings is not clearly documented. We have also identified other areas for improvements and our recommendations are detailed in Section 04.

3.3 Value for Money

As with all public sector organisations, the Council needs to be cognizant of spend in relation to its Climate Action Plan. Currently, the Council has not worked out any specific costs for implementing the action plan. Management advised that costs will be established via the financial strategy and the departmental reports by March 2023.

In its current form, the action plan does not include sub-actions, accurate timescales or links to specific departments. We have raised recommendations in relation to this in Section 04, but without this key information, the Council will be unable to demonstrate the costs and expected benefits of implementing its action plan.

04 Areas for Further Improvement and Action

Definitions for the levels of assurance and recommendations used within our reports are included in **Appendix A1**.

We identified areas where there is scope for improvement in the control environment. The matters arising have been discussed with management, to whom we have made recommendations. The recommendations are detailed in the management action plan below.

Comment from Management:

“The audit has been completed but could more fully acknowledge that this was a new stream of work which has required a significant culture change across the council and participation of officers from across all services. The work was developed against the backdrop of Covid, where many of the officers involved had competing priorities. The work that has taken place should be recognised and officers commended for the progress that has been made across the different work streams and action plan”.

Ref	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility
4.1	<p>Climate Action Plan- Links with Strategy</p> <p>We attempted to match the actions listed in the Climate Change Strategy (January 2022) to the Climate Action Plan (October 2022) and were unable to match these. The Private Sector Housing and Climate Change Manager informed us that as part of the migration to In-Phase, the Action Plan was still in the process of being updated in line with the Strategy.</p> <p><i>Risk: Lack of alignment with the strategy could result in wasted time and resources, which may result in the strategic objective not being achieved.</i></p>	The Council should ensure the Action Plan is updated to reflect the Council’s Climate Change Strategy.	High	At the time of the audit there were 9 actions missing from the word version of the action plan. The action plan was being migrated over to Inphase to ensure actions could be tracked more easily. The Action Plan on Inphase does reflect the strategy. Most actions on the action plan match the strategy word for word. Some actions have been grouped together under one action but are commented on by the lead officer in the comments section. Actions also have more information available under the details tab. In this section all previous comments and RAG ratings can be seen in order to monitor progress.	Complete

Ref	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility
4.2	<p>Climate Action Plan- Management</p> <p>The due date of all actions listed in the plan is March 2023. We were informed by the Private Sector Housing and Climate Change Manager that the dates currently recorded on In-phase are incorrect, due to a technical problem with In-Phase. The dates were incorrect when we first viewed the Action Plan in August 2022 and were still incorrect in the October 2022 version.</p> <p>We asked why the timescales weren't decided at the time of strategy implementation and management advised that they did not have the information at the time to make decisions on timescales as the departmental plans are not yet completed.</p> <p>Of the 38 actions in the plan, 12 are not Red, Amber, Green (RAG) rated. Management advised they are in the process of completing this activity, however, awaiting rollout and completion of Carbon Literacy training first.</p> <p><i>Risk: The Action Plan does not contain sufficient detail in order to efficiently manage and monitor progress of actions.</i></p>	<p>The Council should ensure all actions within the plan are RAG rated and have realistic due dates.</p> <p>The actions should be regularly monitored to ensure that progress against the plan is on track, or assistance can be given where actions are falling behind target.</p>	High	<p>The action plan is RAG rated. All previous updates and RAG rating can be seen in the details tab. Some actions may not have been updated at the time of audit as officers are asked to update quarterly.</p> <p>The issue with the dates was a technical problem as part of the migration to in phase which was advised at the time of the audit.</p>	Complete
4.3	<p>Climate Change Strategy</p> <p>The current Strategy covers the period until 2024 and was approved in a Council meeting in January 2022. There are currently no plans to review the strategy until 2024, unless there are any material changes.</p> <p><i>Risk: The Strategy becomes incorrect or out of date and does not reflect the Council's current practice or changes in the regulatory environment.</i></p>	<p>The Council should review and update its Climate Change Strategy on an annual basis to take account of in-year events that may affect it.</p>	Medium	<p>This action is not accepted.</p> <p>Corporately the council does not review and update Strategies on an annual basis. The action plan is continually reviewed and updated and this is where in year events can be included.</p>	N/A

Ref	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility
4.4	<p>Actions</p> <p>At the time of the audit, we noted that there are no specific plans in place that set out how each of the Council's departments will contribute towards net zero targets for the Council and the borough</p> <p>Management advised that they plan to develop departmental plans, following rollout of Carbon Literacy training to staff.</p> <p>The current Climate Action Plan lists 41 actions and their accompanying related category. The listed actions are broad and do not have related sub-actions.</p> <p><i>Risk: Actions are not specific enough for the Council to achieve its climate change objectives.</i></p>	The Council should establish departmental specific actions and incorporate these into the Climate Action Plan.	Medium	This work was already underway at the time of the audit and audit were advised of this.	September 2023 Private Sector Housing & Climate Change Manager
4.5	<p>Resource</p> <p>Ownership for the Climate Action Plan is with the Carbon Reduction and Climate Change Officer who has been in post for the last year. The Carbon Reduction and Climate Change Officer is a full-time member of staff who has been hired on a rolling 12 month contract, now extended for another 12 months. The Council are working on a bid to extend the funding for another two years. This post is supported by the Private Sector Housing and Climate Change Manager.</p> <p><i>Risk: The Council does not have adequate resource dedicated to Climate Change to achieve its net zero objectives.</i></p>	The Council should consider reviewing its current resource allocated to Climate.	Medium	Capacity is now in place until March 2025	Complete
4.6	<p>Cross Party Working Group/Members Group</p> <p>According to its Terms of Reference, this group should meet quarterly and is responsible for monitoring progress against the Climate Change Action Plan.</p>	The Council should ensure its Members Group meets regularly as set out in the	Medium	The Member working group does meet. Two meetings were missed – one due to availability due to summer holidays and one due to the Queen's funeral. Task	Complete

Ref	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility
	<p>We reviewed meeting minutes and found that the group last met in April 2022, and was not due to meet again until November 2022. A planned meeting in September 2022 was cancelled due to the Queen Elizabeth II's death.</p> <p>From our review of meeting minutes, we could not confirm that the action plan had been discussed at this group in the last twelve months.</p> <p>Management advised that the action plan is discussed through updates from each of the Task and Finish groups and is recorded as such in the meeting minutes. However, the Task and Finish Groups were only set up in April 2022 and at the time of the audit, no meetings had been held since.</p> <p>The only information recorded in the meeting minutes regarding the Task and Finish Groups from April 2022 is the following:</p> <p><i>'It was reported that the Climate Change Officer group had been split to create five smaller groups to help delivery, progress and action the strategy. Each group had a different topic and consisted of relevant officers to be able to deliver on actions.'</i></p> <p><i>Risk: The action plan does not have the required oversight and is therefore not progressed adequately.</i></p>	ToR and discusses the action plan regularly.		and finish updates, which are aligned to the action plan, are given. We will include an explicit agenda item "action plan" for future meetings.	
4.7	<p>Officer Climate Change Group</p> <p>The Officer Climate Change Group meets monthly and oversees a series of task and finish groups who are working on the action plan. They are responsible for progressing actions within the Strategy and should review this quarterly.</p> <p>We reviewed the meeting agendas for this monthly meeting since April 2022 and confirmed these included</p>	The Council should ensure its Officer Group discusses the action plan at least quarterly, in line with expectations. Discussions and actions arising from the meeting should be captured.	Medium	The action plan oversight is described in the minutes as the task and finish group updates, this is the review of the action plan and updates have been included at every meeting since they were introduced. Notes of the meeting are now produced	Complete

Ref	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility
	<p>an agenda item for the action plan and Task and Finish Group updates.</p> <p>However, we also reviewed minutes for this group and could not see evidence of the action plan being discussed since August 2021.</p> <p>The Private Sector Housing and Climate Change Manager advised that the action plan is discussed, but that this has not been reflected in the minutes, and that these discussions will have been captured in the audio recordings of the meetings minutes. It is our view, that the meeting minutes should be an accurate reflection of all key discussions and actions, and we therefore did not listen to the audio recordings.</p> <p><i>Risk: The action plan does not have the required oversight and is therefore not progressed adequately.</i></p>			but weren't in the early days of this work due to lack of capacity.	
4.8	<p>Task and finish groups</p> <p>Five Task and Finish Groups have been established, in order to deliver the tasks within the current action plan, reduce carbon usage and achieve the net zero target. These groups should meet monthly, but meetings are not minuted. Instead, outputs from these groups are expected to be presented to the monthly Officer Climate Change Group in the form of an update.</p> <p>As detailed in recommendation 4.6, we were unable to confirm that updates were made monthly to the Group. As meetings are not minuted and updates to the Group could not be evidenced, we were unable to confirm that meetings are being consistently being held monthly.</p> <p><i>Risk: The action plan does not have the required oversight and is therefore not progressed adequately.</i></p>	Task and Finish Groups should meet monthly as expected. Outputs from these meetings should be reflected in the Action Plan and update reports to the Officer Group.	Medium	All task and finish groups meet monthly (and did at the time of the audit) except the building task and finish which is broken down into smaller project groups some of which meet weekly. Green living, SHDF, LAD2, LAD3, HUG1, ECO4, MEES and Assets are discussed within existing meetings. The action plan is updated with outputs from the meetings.	Complete

A1 Audit Information

Audit Control Schedule	
Client contacts:	Sharon Stacey Director: Community & Development Services Rosemary Leach: Private Sector Housing & Climate Change Manager Danielle Leggett: Carbon Reduction & Climate Change Officer
Internal Audit Team:	Peter Cudlip: Partner Sarah Knowles: Senior Manager Jessica Holt: Assistant Manager
Finish on site / Exit meeting:	27 October 2022
Draft report issued:	16 November 2022 / 7 March 2023
Management responses received:	7 July 2023
Final report issued:	12 July 2023

Report Distribution List		
Report	Name	Job Title
Draft & Final	Danielle Leggett	Carbon Reduction & Climate Change Officer
Draft & Final	Rosemary Leach	Private Sector Housing & Climate Change Manager
Draft & Final	Sharon Stacey	Director (Community and Development Services)
Draft & Final	Ashley Wilson	Head of Finance (Section 151 Officer)
Final	Bill Cullen	Chief Executive

Scope and Objectives

Audit objective:

To provide Members, the Chief Executive and other officers with reasonable, but not absolute, assurance as to the adequacy and effectiveness of the key controls relating to the Carbon Neutral Action Plan

Our audit considered the following risks relating to the area under review:

- External Changes in Political and/or legislative environment including ongoing impact of Covid-19 resulting in fewer resources dedicated to implementing the strategy;
- Failure to achieve climate change objectives;
- Failure to monitor Climate Emergency Action Plan may result in carbon footprint not being reduced and the Council not becoming carbon neutral by 2030;
- Lack of expertise / knowledge resulting in failure to reduce the negative impact from activities upon the environment;
- Lack of consistency between the Council's and Leicestershire County Council's goals;
- Executive and senior management are not made aware of progress in implementing the Climate Emergency Action Plan resulting in poor progress not being identified; and
- Significant climate change could threaten the wellbeing of Hinckley & Bosworth residents and disrupt the economy if not monitored.

The objective of our audit was to evaluate the adequacy of key controls and the extent to which controls have been applied, with a view to providing an opinion on the extent to which risks in this area are managed. In giving this assessment, it should be noted that assurance cannot be absolute. The most an Internal Audit service can provide is reasonable assurance that there are no major weaknesses in the framework of internal control.

The limitations to this audit were that testing was performed on a sample basis and as a result our work does not provide absolute assurance that material error, loss or fraud does not exist.

Definitions of Assurance Levels	
Level	Description
Substantial	The framework of governance, risk management and control is adequate and effective.
Moderate	Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control
Limited	There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.
Unsatisfactory	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.

Definitions of Recommendations	
Priority	Description
High (Fundamental)	Significant weakness in governance, risk management and control that if unresolved exposes the organisation to an unacceptable level of residual risk.
Medium (Significant)	Weakness in governance, risk management and control that if unresolved exposes the organisation to a high level of residual risk.
Low (Housekeeping)	Scope for improvement in governance, risk management and control.

Statement of Responsibility

We take responsibility to Hinckley and Bosworth Borough Council for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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