

**The Highland Council**  
**Planning, Development and Infrastructure Committee**

**17 August 2016**

Agenda Item	17
Report No	PDI 51/16

**Internal Audit Report on Carbon Reduction Commitment Energy Efficiency Scheme for 2014-15**

**Report by Director of Development & Infrastructure**

**Summary**

This report summarises the findings of the Internal Audit report on the Council's annual submission for the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme for the period 2014-15.

**1. Background**

- 1.1 The Carbon Reduction Commitment (CRC) Energy Efficiency Scheme is a mandatory energy saving and carbon emissions reduction scheme for the UK, designed to improve energy efficiency and cut emissions in large public and private sector organisations.
- 1.2 The scheme requires an internal audit to be carried out each year on the annual submission. The audit reviewed the processes, data quality and final submission outputs.

**2. Audit Findings**

- 2.1 The audit found that data and supporting information for the submission included a number of errors and gaps in the following:

- energy consumption period detail; and
- on-site generation readings date evidence

In addition, there was no summary list of items included in the evidence pack.

- 2.2 The audit identified issues with using the utility supplier statements as comparison for evidence in establishing the submission figures.
- 2.3 The audit reported on several errors within the Council's energy data management system (TEAM Sigma) that show errors in the supporting information relating to:
- multiple 'amending' of bills;
  - 'account actuals' reporting;
  - 'actual' and 'estimated' reading variances; and
  - 'emission status' classifications.

Much of this was related to input or amendment actions carried out by the responsible officer, and could not be verified as that person transferred to another service.

2.4 The audit also identified that changes to the Council's built estate were not being fully captured.

### 3. Actions

3.1 There are a number of actions from the audit report findings that required to be implemented and are set out in the table below. In addition to this a note was made regarding 2 actions from the previous audit report that had not been fully implemented.

	<b>Audit Actions</b>	
1.	A summary list is to be included in the Evidence Pack	Completed
2.	Included bills are to be verified with any adjustments being recorded	Completed
3.	A process for verified on-site generation to be in place	Completed
4.	Process for calculating on-site generation to be put in place	Completed
5.	Supplier statement process to be updated	Completed
6.	Process for amending bills reviewed	Completed
7.	Team to be consulted regarding software errors and accuracy	Completed
8.	Site additions/deletions process to be improved	Completed

3.2 Completing the actions from the report will deliver an improvement in our CRC processes and the ongoing verification of our CRC management systems will ensure an improved level of compliance.

### 4. Implications

#### 4.1 Resource

The CRC scheme allowances for 2014-15 had a financial impact of £710,093 and this has increased to £753,995 in 2015-16 as the cost of purchasing credits has increased.

#### 4.2 Legal

There is a mandatory requirement for the Council to report accurately on the carbon emissions from buildings.

#### 4.3 Equalities

There are no equality implications.

- 4.4 Climate Change/Carbon Clever  
The CRC scheme is directly linked to the climate impact of Council energy use and it is essential that measures are taken to directly reduce the emissions from buildings.
- 4.5 Risk  
There are risks in achieving an accurate submission from supplier data and system processing.
- 4.6 Gaelic and Rural implications  
There are no Gaelic or rural implications arising as a result of this report..

#### **Recommendation**

The Committee is asked to homologate the audit report and note the improvement actions that have been taken. Members are asked to note the cost of the CRC tax scheme and that measures are required to reduce carbon emissions specifically from buildings to reduce the financial burden on the Council.

Designation: Director of Development & Infrastructure

Date: 21 June 2016

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