

Board of Management Audit & Assurance Committee

Date of Meeting	Tuesday 23 May 2023
Paper No.	AAC4-C v2
Agenda Item	5.2.1
Subject of Paper	Internal Audit Report – Environmental Sustainability
FOISA Status	Disclosable
Primary Contact	Henderson Loggie
Date of production	15 May 2023
Action	For Discussion and Decision

1. Recommendations

The Committee is asked to consider and discuss the report and the management responses to the internal audit recommendations.

2. Purpose of report

The purpose of this review is to provide management and the Audit and Assurance Committee with assurance on key controls relating to the curriculum and financial plans in place for City of Glasgow College and their alignment with the regional plan for Glasgow and the college student number targets.

3. Key Insights

This internal audit of Environmental Sustainability provides an outline of the objectives, scope, findings and graded recommendations as appropriate, together with management responses. This constitutes an action plan for improvement.

The Report includes a number of audit findings which are assessed and graded to denote the overall level of assurance that can be taken from the Report. The gradings are defined as follows:

Good	System meets control objectives.
Satisfactory	System meets control objectives with some weaknesses present.
Requires improvement	System has weaknesses that could prevent it achieving control objectives.
Unacceptable	System cannot meet control objectives.

4. Impact and implications

Refer to internal audit report.

City of Glasgow College

Environmental Sustainability

Internal Audit report No: 2023/04

Draft issued: 8 May 2023
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Level of Assurance

In addition to the grading of individual recommendations in the action plan, audit findings are assessed and graded on an overall basis to denote the level of assurance that can be taken from the report. Risk and materiality levels are considered in the assessment and grading process as well as the general quality of the procedures in place.

Gradings are defined as follows:

Good	System meets control objectives.
Satisfactory	System meets control objectives with some weaknesses present.
Requires improvement	System has weaknesses that could prevent it achieving control objectives.
Unacceptable	System cannot meet control objectives.

Action Grades

Priority 1	Issue subjecting the organisation to material risk and which requires to be brought to the attention of management and the Audit and Assurance Committee.
Priority 2	Issue subjecting the organisation to significant risk and which should be addressed by management.
Priority 3	Matters subjecting the organisation to minor risk or which, if addressed, will enhance efficiency and effectiveness.



Management Summary

Overall Level of Assurance

Good	System meets control objectives.
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Risk Assessment

This review focused on the controls in place to mitigate the following risks on the City of Glasgow College ('the College') Strategic Risk Register as at March 2023:

- Failure of compliance with Environmental, Social and Governance (ESG) duties (net risk score: 5)

Background

As part of the Internal Audit programme at the College for 2022/23 we carried out a review of the environmental sustainability arrangements. The Audit Needs Assessment, agreed with management and the Audit and Assurance Committee in March 2022, identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Board of Management and the Principal that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

Through the development of its Strategic Plan and Sustainability Strategy the College is committed to improving environmental performance, raising the profile of sustainability education and reducing its impact upon contributing to climate change. The staff, students, campus partners and wider community have the right to expect, that the College as a responsible institution, acts positively to promote behaviour change and reduce the impact upon the environment.

Part 4 of the Climate Change (Scotland) Act 2009 (hereafter referred to as 'the Act') places duties on public bodies relating to climate change. The duties on the face of the Act require that a public body must, in exercising its functions, act:

- a) in the way best calculated to contribute to the delivery of the targets set in or under Part 1 of this Act;
- b) in the way best calculated to help deliver any programme laid before the Scottish Parliament under section 53; and
- c) in a way that it considers is most sustainable.

In doing so, public bodies must have regard to the guidance *Public Bodies Climate Change Duties: Putting Them Into Practice* issued by the Scottish Government in 2011. In direct response to the international Paris Agreement, the Climate Change (Scotland) Act 2009 was amended by the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019, increasing the ambition of Scotland's emissions reduction targets to net zero by 2045.

The SFC's latest guidance for the development of College Outcome Agreements notes that *'given the importance of climate emergency and net zero we will expect institutions to demonstrate innovative approaches in their response to the climate emergency with evidence of transformative leadership and capacity building within institutions, including organisation-wide net zero and sustainability plans. This includes referencing progress in institution wide carbon reduction targets, net zero strategies, and actions as civic anchors, in line with the Scottish Government interim statutory guidance, and statutory targets and measures under the Scottish Government climate change plan and adaptation programme.'*



Background (Continued)

Scope 1, 2 and 3 is a way of categorising the different kinds of carbon emissions an organisation creates in conducting its own operations, and also in its wider value chain.

- **Scope 1 emissions** – covers the Green House Gas (GHG) emissions that an organisation makes directly, for example while running its boilers and vehicles.
- **Scope 2 emissions** – are the emissions it causes indirectly when the energy it purchases and uses is produced on its behalf – such as the electricity or energy it buys for heating and cooling buildings.
- **Scope 3 emissions** – includes all the emissions associated, not with the organisation itself, but that the organisation is indirectly responsible for, up and down its value chain. For example, from buying products from its suppliers, and from its products when customers use them.

Scope, Objectives and Overall Findings

This audit reviewed the College's current position with regard to its strategic plans and operational arrangements to ensure compliance with the Climate Change (Scotland) Act 2009.

The table below notes the objective for this review and records the results:

Objective	Findings				
		1	2	3	Actions already planned
The objective of the audit was to obtain reasonable assurance that:		No. of Agreed Actions			
1. The College has established the carbon baseline position and has set out and communicated the climate change aspirations for the College.	Good	-	-	-	
2. Roles and responsibilities around climate change action and environmental sustainability have been clearly articulated.	Good	-	-	1	
3. There are appropriate targets, actions and milestones in place to demonstrate the steps the College is taking to contribute to climate change mitigation and to climate change adaptation, and to act sustainably.	Good	-	-	-	
4. There are appropriate arrangements in place to update the Board on the progress being made to deliver on actions around climate change and sustainability.	Satisfactory	-	-	-	✓
Overall Level of Assurance	Good	-	-	1	
		System meets control objectives			



Audit Approach

Through discussion with the Head of Facilities Management, and review of relevant documents, we examined the extent to which the above objectives are being met.

Summary of Main Findings

Strengths

- The College has signed up to the Scottish Colleges' '*Statement of Commitment on Climate Emergency*', which includes a climate change roadmap for Further Education (FE) colleges;
- The College is also a signatory of the Race to Zero Commitment for Colleges and Universities;
- The Sustainability Strategy, which is supported by the College's Sustainability Strategy Action Plan, Operational Plan, FE Roadmap Action Plan, and the United Nations (UN) Sustainability Development Goals (SDGs) Action Plan, provides a detailed roadmap of intended direction and strategic objectives in relation to environmental sustainability, which includes the provision, operation and development of resources and services;
- The College is required to submit Climate Change Action Plans, and report on carbon emissions to the Scottish Government annually. The College is fully compliant with the reporting requirements specified in the Climate Change (Scotland) Act 2009;
- The College has clearly articulated its sustainability ambitions and objectives in the overarching Strategic Plan, which is supported by the Sustainability Strategy;
- The College has implemented a range of sustainable practices relating to waste management, travel and energy reduction;
- We noted evidence of embedding sustainability within courses and teaching practices, and noted that further work is being planned in this area, which is aligned with the UN SDGs;
- Current levels of carbon emissions at the College have fallen by 17% since the original baseline year of 2015/16, including a 59% reduction in scope 2 emissions. Grid electricity usage has fallen by 13% since 2015/16, and gas usage has fallen by 28% since 2015/16; and
- The College is committed to achieving net zero carbon emissions by 2045 in line with current legislation. Appropriate structures have been established, such as the Joint Utilities Working Group (JUWG) and Environmental Sustainability Working Group (ESWG), to lead and coordinate the College's approach to tackling climate change.

Opportunities for Improvement

No significant weaknesses were identified during our review. Due to the wide scope of environmental sustainability within the College, covering estates, waste management, planned and reactive maintenance, learning and teaching, engagement with stakeholders and data reporting, there is scope for the College to demonstrate further commitment to environmental sustainability through the identification of a dedicated resource who would assume operational responsibility for this area. We have observed that several colleges in the sector have recently identified dedicated staff resources for this purpose.

Acknowledgments

We would like to take this opportunity to thank the staff at the College who helped us during the course of our audit visit.



Main Findings and Action Plan

Objective 1 - The College has established the carbon baseline position and has set out and communicated the climate change aspirations for the College.

The College's sustainability agenda is based mainly on the following:

- Climate Change (Scotland) Act 2009 as amended by the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019;
- The Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Amendment Order 2020;
- Scottish Colleges Statement of Commitment on the Climate Emergency;
- College Strategic Plan 2021 – 2030; and
- Sustainability Strategy 2021 -2030.

The College has signed up to the Scottish Colleges' '*Statement of Commitment on Climate Emergency*', which includes a climate change roadmap for Further Education (FE) colleges. The College is also a signatory of the Race to Zero Commitment for Colleges and Universities.

The Sustainability Strategy aims to address climate change through reduction in carbon emissions from the development and maintenance of the College estate; contribute to the wider regional strategy to develop a sustainable Glasgow; and to influence positive climate behaviours in staff and students. The Strategy confirms the College's commitment to achieving net zero emissions of all greenhouse gases by 2045 as set out by the Scottish Government. Engaging new methods and technologies to assist in reducing the College's carbon footprint is seen a key enabler of the Strategy. Two of the four strategic aims outlined in the Strategy directly relate to environmental sustainability, which include:

- to integrate environmental and social considerations into procurement, reducing adverse impacts on society and the environment and making savings for the College and the community; and
- to ensure that the College maintains and enhances sound environmental management policies and practices, working to improve its environmental impact.

These aims, and associated strategic objectives, directly support the 17 United Nations (UN) Sustainability Development Goals (SDGs), which enable positive environmental, social and economic development.



Environmental Sustainability

Objective 1 - The College has established the carbon baseline position and has set out and communicated the climate change aspirations for the College (continued).

From our review of the Sustainability Strategy, which is supported by the College's Sustainability Strategy Action Plan, Operational Plan, FE Roadmap Action Plan, and the UN SDGs Action Plan, we noted that the College has developed a detailed roadmap of intended direction and strategic objectives in relation to environmental sustainability, which includes the provision, operation and development of resources and services. Through discussions with key staff, we noted that the College's achievement of its climate change targets is largely dependent on availability of future funding for sustainability projects. The Sustainability Strategy does not identify how the overall success of the Strategy will be measured however a set of strategic performance measures have been developed which are monitored by Head of Facilities Management and reported to senior management and the Board. These measures include year on year reduction targets for carbon emissions, waste, electricity, gas and water, the volume of greenspace made available to support biodiversity, and the number of environmental projects delivered in the curriculum.

The College's sustainability plans include actions to tackle the College's direct emissions and indirect emissions from the College estate, teaching, learning and research activities, supply chain, and the way that staff and students travel to and from the College. During a campus visit we observed examples of sustainability good practice and initiatives, including student led projects, energy reduction improvements, and waste management improvements.

Although the College has maintained carbon emissions and energy consumption data since 2015/16, the College has identified 2021 as the revised baseline year for reporting carbon emissions and energy consumption to ensure that data reporting is aligned with the lifetime of the Sustainability Strategy 2021-2030, and to reflect the impact on carbon emissions and energy consumption which the Covid-19 pandemic has had on the College's operational practices and climate change behaviours. Our review noted that the College has robust systems in place which underpin the data collection and reporting processes, including maintaining access to a modern building management system and the deployment of metering and data recording technology.



Objective 2 - Roles and responsibilities around climate change action and environmental sustainability have been clearly articulated.

We noted, in line with the SDGs, evidence of embedding sustainability within courses and teaching practices. The College Environmental Sustainability Working Group (ESWG), chaired by the Head of Facilities Management, has identified actions to engage with curriculum teams to highlight existing sustainability practices and teaching in order to share this learning across the wider College via case studies. Actions have also been initiated to increase the awareness of sustainability practices more generally across both curriculum and support departments. The ESWG has been liaising with academic staff to explore how sustainability can either form part of learning or identify what sustainable practices can be implemented. The ESWG includes representation from across the College, including management, staff, and students.

A Joint Utilities Working Group (JUWG) has been established consisting of staff representatives from the College Estates and Facilities team, Finance and Executive Management, which specifically reviews energy consumption and opportunities for energy reduction and cost savings. The JUWG works closely with the campus facilities management contractors who provide monthly and annual reports to the College detailing energy consumption as well as energy improvement actions. The work of the JUWG is directly considered by and informs decisions taken by the ESWG.

Management recognises the importance of the climate change challenge and the contribution that the College can make. The Depute Principal and Chief Operating Officer is a Climate Commission Council Institutional member. Oversight of the College Sustainability Strategy is undertaken by the Board via the Finance & Physical Resources Committee.

We noted that the College sustainability actions are not restricted to the College alone, and the College, through the Head of Facilities Management, has been working with the Glasgow Colleges Regional Board (GCRB) as part of a regional project to understand staff and students' views on sustainability across Glasgow. The project is in its early stages, but GCRB aims to develop a survey and issue later in 2023.



Environmental Sustainability

Objective 2 - Roles and responsibilities around climate change action and environmental sustainability have been clearly articulated (continued).

Observation	Risk	Recommendation	Management Response	
<p>We noted that the College is committed to achieving net zero carbon emissions by 2045 in line with current legislation. Appropriate structures have been established, such as the JUWG and ESWG, to lead and coordinate the College's approach to tackling climate change.</p> <p>Due to the wide scope of environmental sustainability within the College, covering estates, waste management, planned and reactive maintenance, learning and teaching, engagement with stakeholders and data reporting, there is scope for the College to demonstrate further commitment to environmental sustainability through the identification of a dedicated resource who would assume operational responsibility for this area. We have observed that several colleges in the sector have recently identified dedicated staff resources for this purpose.</p> <p>The remit of such roles also includes identification of funding opportunities for sustainability projects. Real terms reductions in core grant funding from the SFC combined with challenging economic conditions means that sustainability projects have to be financed through cost saving activities in other areas. Limited funding is available through national bodies such as Transport Scotland, although the College is required to make a business case for such funding which is limited and competitive.</p>	<p>Insufficient resource is allocated to lead and coordinate the College's ambitions to embed environmental sustainability into operational practices and the curriculum. External funding opportunities are missed.</p>	<p>R1 To further demonstrate collective commitment to environmental sustainability, as the College works towards net zero by 2045, there is scope for the identification of a dedicated staff resource who will assume responsibility for leading the operational delivery of the College's environmental sustainability actions and initiatives, and to ensure that the College is well positioned to identify and participate in any future funding opportunities as they materialise.</p>	<p>Agreed.</p> <p>Management will identify a role which will assume responsibility for leading on the operational delivery of the College's environmental sustainability actions and initiative, and to be alert to future funding opportunities as they arise.</p> <p>To be actioned by: Depute Principal & Chief Operating Officer</p> <p>No later than: 30 June 2023</p>	
			<p>Grade</p>	<p>3</p>



Objective 3 - There are appropriate targets, actions, and milestones in place to demonstrate the steps the College is taking to contribute to climate change mitigation and to climate change adaptation, and to act sustainably.

The College submits the Public Bodies Climate Change Duties Reporting (PBCCDR) to the Scottish Government on an annual basis, which includes reporting of carbon emissions data. The 2019/20 and 2020/21 figures were impacted by Covid-19 lockdown restrictions, and closure of the College campuses, which contributed to the reduction of carbon emissions in both years.

The report for 2021/22 shows that although total annual carbon emissions had increased by approximately 900 tonnes of CO₂ since 2020/21 (2019/20 and 2020/21 carbon emissions were reduced due to Covid-19 as noted above), the total annual carbon emissions have continued to reduce since data was first reported in 2015/16. This demonstrates positive performance, owing largely to improvements in waste management and energy saving initiatives which have contributed to the reduction. Despite the total emissions reducing since 2015/16, scope 3 emissions (those that the College is indirectly responsible for, up and down its value chain) have increased from 45 tonnes of CO₂ in 2015/16 to 1,278 tonnes of CO₂ in 2021/22. For many organisations, scope 3 emissions account for more than 70 percent of their carbon footprint. During our review we noted that the College has explored opportunities to collaborate with suppliers on solutions to reduce emissions and has worked with Advanced Procurement for Universities and Colleges (APUC) to consider changes to the supply chain. However, reduction of scope 3 emissions is challenging as, in most areas, suppliers will have considerable influence on how emissions are reduced through their own purchasing decisions, and product design. The increase in scope 3 emissions is partly due to under reporting of data in previous years, where data was not available or reported due to inconsistencies in how the data was gathered and calculated. It was noted that the scope 3 emissions data was not included in the final data reported by the College in 2021/22 as the Higher Education Supply Chain Emissions Tool (HESCET) developed by APUC to calculate scope 3 emissions is based on an estimate of the cost in calculating carbon, rather than evidence-based data. Through review of the ESG minutes and associated action plans we noted that the College is in a position to demonstrate its commitment to tackling scope 3 emissions.

From our review of the detailed carbon data collected by the College, which underpins the PBCCDR data reported in 2021/22 we noted:

- Current levels of carbon emissions at the College have fallen by 17% since the original baseline year of 2015/16, including a 59% reduction in scope 2 emissions (those that it causes indirectly when the energy it purchases and uses is produced on its behalf).
- Grid electricity usage has fallen by 13% since 2015/16.
- Gas usage has fallen by 28% since 2015/16
- Emissions associated with staff / student travel have only been reported since 2020/21, with data reported in 2021/22 showing emissions have increased by approximately 700 tonnes of CO₂ largely due to increases in student travel to / from College following easing of Covid-19 restrictions and return to on-campus study.
- Emissions associated with waste continue to fall due to reductions in consumption and increases in the waste material being recycled.



Environmental Sustainability

Objective 4 - There are appropriate arrangements in place to update the Board on the progress being made to deliver on actions around climate change and sustainability.

The Finance & Physical Resources Committee is the Board subcommittee, which routinely receives the update reports on climate change and sustainability. These reports are presented quarterly at the Finance & Physical Resources Committee meetings by the Head of Facilities Management. The reports provide an update on the work undertaken in terms of sustainability by the College since the previous report.

The PBCCDR information is reported to the Senior Management Team, the Finance & Physical Resources Committee and also to the Board on an annual basis, with data being collated to enable this to be produced. This ensures that the College meets the requirements of the Climate Change (Scotland) Act 2009. We noted that reporting to the Board is currently restricted to an annual cycle. Although there is an opportunity to move to quarterly reporting to improve the effectiveness of oversight and monitoring controls, as well as to improve the visibility of the College performance, we noted that it can take some time to collate the required data prior to the completion of the report and therefore we agree that annual reporting is reasonable at this time. The College continues to develop the use of Power BI to enhance its data reporting capability, and this will be utilised to produce graphical trend analysis for reports on energy consumption and carbon emissions moving forward. Management is also in discussions with the campus facilities management contractor to improve energy consumption data reporting capability from the building management system. Energy consumption and carbon emissions data will continue to be reported to the JUWG and ESG throughout the year.



Aberdeen 45 Queen's Road AB15 4ZN

Dundee The Vision Building, 20 Greenmarket DD1 4QB

Edinburgh Ground Floor, 11-15 Thistle Street EH2 1DF

Glasgow 100 West George Street, G2 1PP

T: 01224 322 100

T: 01382 200 055

T: 0131 226 0200

T: 0141 471 9870

F: 01224 327 911

F: 01382 221 240

F: 0131 220 3269

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