

Auditing climate change

An update

ACCOUNTS COMMISSION 

AUDITOR GENERAL 

Prepared by Audit Scotland
October 2021

The challenges

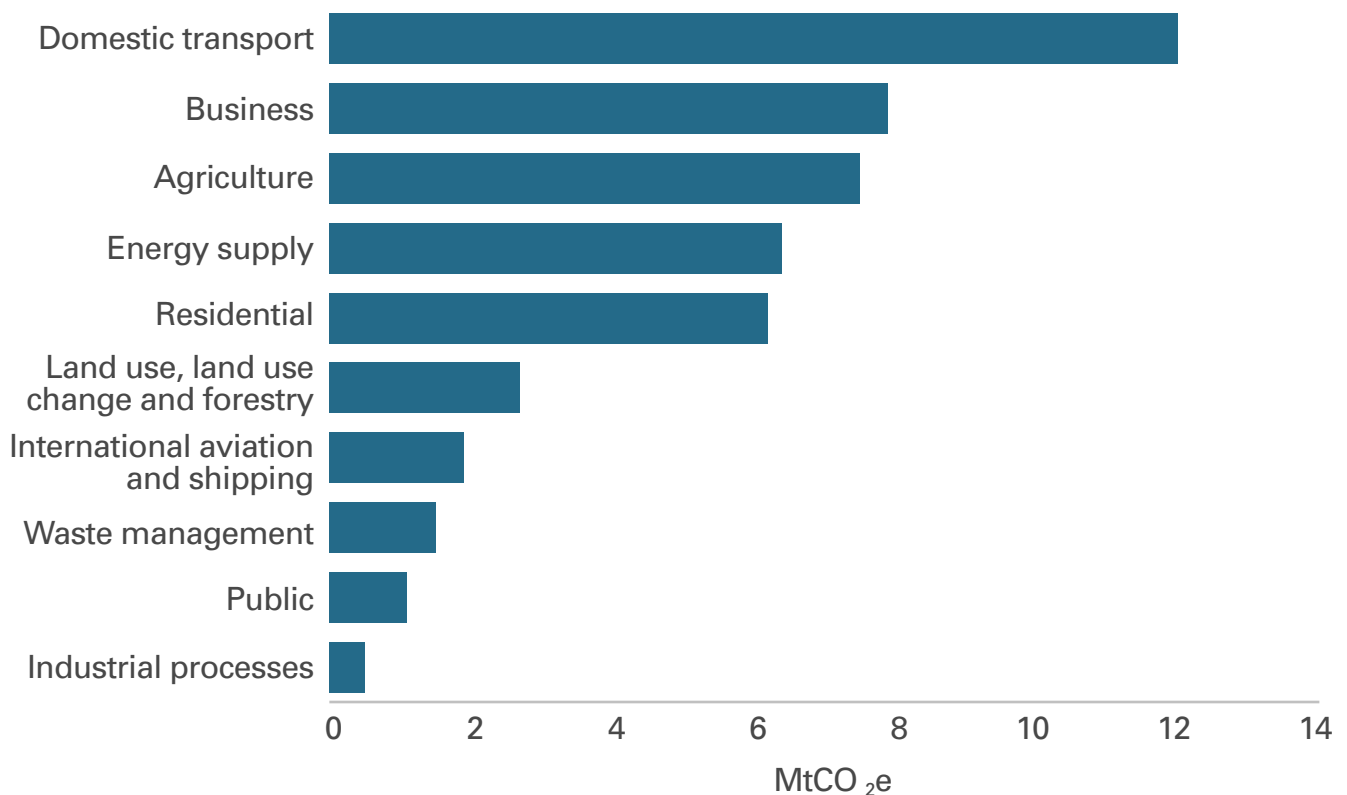
- 1.** In August 2021, the Intergovernmental Panel on Climate Change (IPCC) reported that there are record levels of greenhouse gases in the atmosphere. The IPCC warned that the world is fast approaching the 1.5 degrees of warming threshold that we must not pass if we are to avoid the worst impacts of climate change. The UN Secretary-General declared it a 'code red for humanity' and warned that urgent action is required to place the world on the right trajectory. Urgent action is also required to adapt to the impacts of climate change that are now unavoidable. Every country has a role to play.
- 2.** In 2019, Scotland became one of the first nations in the world to declare a climate emergency. Scotland has set a legally binding target of becoming net zero by 2045, five years earlier than the UK and has several interim targets including a 75 per cent reduction in greenhouse gas emissions by 2030.
- 3.** Scotland has made good progress in reducing emissions, achieving a 51.5 per cent reduction since the baseline period (GHG Account). The UK Climate Change Committee reported that between 2008 and 2018, Scotland decarbonised at a faster rate than any G20 country. However, Scotland has failed to meet its 2017, 2018 and 2019 annual emissions targets. The global pandemic may mean Scotland will meet its 2020 target, but this is expected only to be a short-term impact. The significant challenges Scotland faces have recently become more difficult because of changes to emissions quantifications.
- 4.** The majority of the emissions reductions in Scotland so far have been achieved through the decarbonisation of the power sector with a significant shift from fossil fuels to renewables. Because of this success, domestic transport is now the single biggest source of greenhouse gas emissions in Scotland. ([Exhibit 1. page 3](#))
- 5.** The public sector in Scotland has a key role to play in ensuring a pathway to net zero by 2045 and adapting to climate change.
- 6.** The Scottish Government published a Climate Change Plan Update in December 2020. This identifies several key sectors, such as transport and agriculture, which require fundamental transformations in order to meet the 2030 and the 2045 targets. Some of these transformations will require difficult decisions by policy makers and individuals as they will directly affect how we live our lives.



In 2019, Scotland became one of the first nations in the world to declare a climate emergency.

Exhibit 1.

Scotland's greenhouse gas emissions, net emissions by source 2019



Source: Scottish greenhouse gas statistics 1990-2019, Scottish Government

7. In September 2019, the Scottish Government published its second Scottish Climate Change Adaptation Programme. This sets out measures to enable Scotland to adapt to the challenges that unavoidable climate change now brings.

8. A number of other public bodies have declared a climate emergency and set their own net zero targets, some of which are earlier than Scotland's national targets. All public bodies will need to reduce their direct and indirect emissions, and many will also have a role in reducing emissions in wider society. Councils, for example, have a key role in working with communities to help drive forward the required changes in almost all aspects of public and private life, from transport and housing to business support. There are specific legal responsibilities placed on public bodies to contribute to reducing greenhouse gas emissions, to adapt to climate change, to act sustainably and to report on progress.

9. It is not straightforward to identify how much public money is being used to tackle climate change at all levels within the public sector. The Scottish Government categorised £1.9 billion of its 2021/22 capital projects budget allocation as low carbon. The Scottish Government has also made commitments for future investment in net zero, such as in the Low Carbon Fund over the five years of this parliament and in the Scottish National Investment Bank over the next ten years.

Audit Scotland's roundtable

10. In June 2021, the Auditor General for Scotland published a blog [Making climate change an audit priority](#) that sets out the challenges for the public sector in tackling climate change and the role audit could play in this.

11. In July, Audit Scotland held a roundtable to help inform our approach to auditing climate change. The roundtable was made up of the climate change leads for the Accounts Commission and key stakeholders from across Scotland. We posed some challenging questions around the opportunities and challenges of tackling climate change and what it meant for the public sector. The discussion was wide ranging and thought provoking. Several key themes and challenges emerged:



Blog: Making climate change an audit priority
June 2021

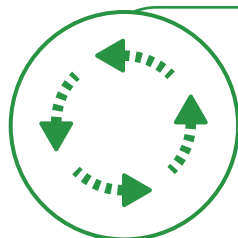


Key themes and challenges



Climate ambition vs plans and actions

Despite the declaration of a climate emergency by public bodies, there are concerns about the level of urgency seen in responding to climate change. Many public sector bodies have declared a climate emergency and have set net zero targets but there were serious questions from roundtable participants around definitions of net zero, plans to achieve net zero and actual progress and actions to date.



Importance of adaptation

Adaptation and climate resilience are terms used to describe the measures we take to reduce the impact of the climate change we are already experiencing. They could have a significant impact on the ability to achieve a just transition, with enormous potential to contribute to the green recovery. However, they are often not given the same priority as reducing emissions and more needs to be done to prioritise adaptation and resilience.

Key themes and challenges



Paying for it

Nationally the biggest challenge is to make sufficient early investment. Failing to make investment early could jeopardise climate targets and mean significant additional costs further down the line. The challenges for public sector bodies are huge and the roundtable was concerned that the resources are not in place to meet the scale or urgency of the action required for net zero and adaptation.



Critical role of the public

We are now getting to the point where the changes that people need to make to their lifestyles will become increasingly more difficult. This is particularly so for some people and communities, such as people on lower incomes and those communities where the economy is driven by oil and gas.



Joined up working

Success will require joint planning and working at many levels. There is a need for joined up working across sectors (such as transport, agriculture and energy), and also in local communities and regions, which will bring together many sectors in a single location. This represents an enormous challenge.



Public sector leadership role

Strong leadership is required to make difficult decisions, for successful joint working and to lead by example in key areas. For example, public sector procurement (buying goods and services) has the potential to directly influence sustainable consumption and production activities and the achievement of the net zero targets.

How we will work

12. The roundtable, and all our other discussions, signalled strong consensus that the time is right for independent audit and scrutiny to help achieve Scotland's climate change ambitions.

13. We have developed a set of principles to guide how we work. These are based on the roundtable and other discussions. We will:

- reflect the uncertainty and complexity involved in this fast moving and emerging agenda
- work inclusively and regularly engage with stakeholders in Scotland and colleagues in other auditing bodies in the UK as we develop and deliver our programme of work
- complement the work of others such as climate change experts and parliamentary committees and use and add value to existing tools and evidence wherever possible rather than introducing new reporting requirements.

14. Public audit will help drive change and improvement in this uncertain and evolving area of work that requires an urgent response. Public audit will support public accountability and scrutiny and help identify and share good practice.



The time is right for independent audit and scrutiny to help achieve Scotland's climate change ambitions.

Implications for our future audit work

15. We will take the roundtable's themes and challenges, and our other conversations, and build on them as we develop a programme of work for climate change. We will do this through a mixture of climate change specific outputs that focus on key issues and challenges as well as moving towards integrating climate change considerations into all of our audit work.

16. As we move to integrate climate change into our existing audit work we will:

- pilot integrating climate change considerations into financial annual audit reports. This will help us consider how we best incorporate climate change into financial annual audits going forward
- incorporate a focus on climate change into relevant performance audits and overviews as appropriate, for example the Local government overview.

17. Our plans for climate specific outputs will develop and adapt over time but are likely to look across the public sector and include consideration of:

- the climate change landscape – route map for ambitions, levers and accountabilities, assessment of gaps and areas for improvement
- net zero targets – definitions, the feasibility and progress of current plans and strategies
- adaptation – public sector progress and response in integrating policies, strategies and implementation plans
- the costs of climate change – investment, value for money of 'green' spend and alignment of spend
- partnership working and collaborative leadership – place-based analysis, good practice, barriers and challenges
- individual sector analysis and reports, including sector specific roundtables.

Please follow us on Twitter or subscribe to updates to keep informed of our plans as they develop.

Appendix. Roundtable participants

Name	Organisation
Antony Clark (Chair)	Audit Scotland
Andrew Burns	Accounts Commission
Sharon O'Connor	Accounts Commission
Tom Andrew	Climate Change Committee
Kathryn Dapr�	Climate Emergency Response Group (CERG)
Elisa Bevacqua	Convention of Scottish Local Authorities (COSLA)
Jamie Gregory	Scotland's Climate Assembly
Sarah Hart	Scottish Government
George Tarvit	Sustainable Scotland Network

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