

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Governance and Audit Committee
Date:	8 December 2022
Subject:	Review of Audit Wales and Zurich Risk Engineering reports relating to climate change response in the public sector and Isle of Anglesey County Council
Head of Service:	Dylan Williams – Chief Executive
Report Author:	Rhys A Williams – Climate Change Manager
Nature and Reason for Reporting: Present the Councils' analysis of recommendations made in the Audit Wales and Zurich Risk Engineering Reports. Outline the actions identified by the Council in response to strengthen its approach to Climate Change.	

1. Introduction

- 1.1. The Auditor General released a report in July 2022 asking: 'How is the public sector preparing to achieve the Welsh Government's collective ambition for a net zero public sector by 2030?'. The report outlines the Auditor General's conclusions based on the responses from across the public sector.
- 1.2. Concurrently, the Council commissioned a 'Climate Change Health Check' with Zurich Risk Engineering to undertake an initial assessment of the Authority's response to climate change.
- 1.3. The attached report highlights the primary messages and recommendations from both reviews and identifies changes to be implemented over the short, medium and long term so ensure the Councils response to climate change is fit for purpose.

2. Recommendation

- 2.1. That the Committee considers the report and takes assurance that both reports have been reviewed and changes identified to improve the Councils approach in responding to Climate Change.

Chief Executives Service

Review of Audit Wales and Zurich Risk Engineering Reports

Analysis and response to reports on climate change approach in public sector and within Isle of Anglesey County Council

Publication date: October 2022

Review of Audit Wales and Zurich Risk Engineering Reports

Overview

Analysis and response to reports on climate change approach in public sector and within Isle of Anglesey County Council

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1. Introduction & Context

- 1.1. The Auditor General has committed to a long-term work programme on climate change. The Auditor General's report released in July 2022 is a baseline review which asks: 'How is the public sector preparing to achieve the Welsh Government's collective ambition for a net zero public sector by 2030?'. To inform the baseline review, 48 public bodies (WG, LAs, NHS Trusts etc), completed a call for evidence. The report outlines the Auditor General's conclusions based on the responses from across the public sector.
- 1.2. The Council submitted evidence to Audit Wales (AW) based on the template provided – coordinated by Gethin Morgan, Programme, Business Planning & Performance Manager with support from Rhys Alun Williams, Climate Change Manager.
- 1.3. Additionally, the Council recently commissioned a 'Climate Change Health Check' with Zurich Risk Engineering to undertake an initial assessment of the Authority's activities relating to climate change. A review of the recommendations from the Health Check is included in the scope of this report.
- 1.4. This Leadership Team report shall :-
 - Outline the primary recommendations from AW Report 'Public Sector Readiness' and Zurich 'Health Check Report'
 - Evaluate the Council's current Towards Net Zero Plan against those primary recommendations
 - Seek to identify short, medium and long-term actions to improve and strengthen the Council's approach (and Towards Net Zero Plan) to achieving its net zero target by 2030.

2. Analysis of Reports

- 2.1. The AW report targets senior leaders and those with scrutiny roles with the aim of inspiring them to increase the pace of their work to achieve the 2030 collective ambition. A second evidence report providing detailed findings and data from the evidence collected was later released and is included in Appendix A - Evidence Report for reference.
- 2.2. The overall conclusion of the AW Report (Appendix A - Report of the Auditor General) is summarised below :-
 - uncertainty about whether the public sector will meet its 2030 collective ambition.
 - common barriers to progress that public bodies must collectively address to meet the ambition of a net zero public sector by 2030.
 - public bodies are committed to carbon reduction, they must now significantly ramp up their activities, increase collaboration and place decarbonisation at the heart of their day-to-day operations and decisions.
 - organisations need to be bold and innovative and share experiences of their successes and failures.
 - the AG will not criticise organisations for taking well-managed risks to address this unprecedented challenge.
- 2.3. Supporting the overall conclusions, AW have set out five calls for action for organisations to consider with decarbonisation in the public sector. These are:

- I. Strengthen leadership and demonstrate collective responsibility through effective collaboration
- II. Clarify strategic direction and increase pace of implementation

Each call to action discusses evidence gathered and insight made and concludes with key questions senior leaders and scrutiny leaders should consider.

- 2.4. A gap analysis evaluating the Council's position against the questions raised in the AW report attached at Appendix B. The analysis considers the questions raised in each call to action and identifies potential actions where a gap is found. Additionally, the gap analysis identifies where there are links between the questions raised and the current Towards Net Zero Plan and annual action plan.
- 2.5. A gap analysis of the Zurich Report (Appendix C) evaluates its recommendations made and identifies actions where necessary. Actions like those identified from the Audit Wales report are identified as 'links to recommended actions' to avoid duplication. Similarly, links to planned activities within the Towards Net Zero plan are identified.
- 2.6. Actions identified in the gap analysis have been prioritised to short / medium / long term implementation and summarised in the recommendations below.

3. Conclusion

- 3.1. Overall, it is fair to conclude that the Council is on the right track with its approach to delivering net zero at this point. Adopted in March 2022, the Towards Net Zero Plan identifies the path ahead for the Council with its specific programme areas.
By analysing the recommendations from the two reports, it is possible to identify links between them and the Towards Net Zero plan e.g. Decarbonisation of assets, responding to the emergency, develop a baseline, retrofitting housing and communications.
- 3.2. This conclusion, however, must be qualified by keeping in mind that significant actions and changes are still required for the Council to realistically reach its net zero target such as:
 - Fully integrate decarbonisation thinking into the day-to-day operations of the council and how decisions are reached.
 - Full and detailed carbon accounting and integration of decarbonisation targets into business and financial planning.
 - Identify the long-term financial commitments required to reach the 2030 target.
 - Identify the skills, capabilities, and capacities needed to reach the 2030 target.

4. Recommendations

- 4.1. Integrate identified actions according to short, medium-term priorities into the current (22/23) and future (23/24 & 24/25) Action Plans respectively

Short Term (Include in current Action Plan – Actioned by Climate Change Manager)

- **Monitoring** - Climate Change Manager to explore potential with relevant officers to expand clean air monitoring using the councils existing assets.

Medium Term (Year 2 & 3 Net Zero Action Plan – Actioned by relevant officers)

Leadership & collective responsibility

- Continue to develop its net zero approach ensuring its proportional to the climate emergency i.e. management of risk, implementation, allocation of resources, governance
- Continue to bring decarbonisation into the core of day-to-day business decisions.

Clarify Strategic direction & pace of implementation

- Ensure development / update of new corporate strategies, policies reflect net zero approach.

Finances & Sustainability

- Ensure sufficient level of detail in financial statements relating to decarbonisation spending
- Identify within long term financial plans what resources and decisions are needed to reach 2030 decarbonisation targets
- Consider long term investment opportunities that offer positive contribution towards the Councils Climate goals

Skills gaps & capacity - Skills gap & future skills analysis and Plan needed to support delivery of 2030 target

Data quality & monitoring to support decision making

- Medium to long term development of carbon monitoring from the supply chain.
- Establish links between emissions monitoring, business & financial planning.

- 4.2. Include long term actions into planning for the successor Towards Net Zero Plan 25-28

Clarify Strategic direction & pace of implementation

- Aim to include greater integration of the WBFGA Act into the successor Towards Net Zero Plans.
- Ensure staff, stakeholders and citizens input into the development of the next Towards Net Zero Plan

5. Appendices

Appendix A – Related Documents

- [Public Sector Readiness for Net Zero Carbon by 2030 \(audit.wales\)](#)
- [Public Sector Readiness for Net Zero Carbon by 2030 - Evidence Report \(audit.wales\)](#)
- [Zurich Climate Change Health Check Report – August 2022.](#)

Appendix B – Gap Analysis from Audit Wales Report

Short Term – In current action plan	Medium Term – Yr. 2 or Yr3 Towards Net Zero Operational Plan	Long Term – Next Towards Net Zero Plan
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Audit Wales Report Questions raised within the Calls to Action	IoACC Position / Proposed Action	Implementation Term		
		Short	Medium	Long
1.Strengthen your leadership and demonstrate your collective responsibility through effective collaboration				
Highlighted passages outlining main messages in report. Questions posed at the end each section				
i. Are we treating the climate crisis and the need to decarbonise as a real ‘emergency’?	Action - Continue to develop approach to ensure it is proportional to the climate emergency i.e. governance arrangements, management of risk, implementation, allocation of resources.		✓	
ii. Can we demonstrate that decarbonisation is at the core of day-to-day business decisions and operations?	Action - Deliver current identified schemes to bring decarbonisation into the core of day-to-day decisions e.g. policy & strategy review, carbon literacy, procurement procedures.		✓	
iii. Is the urgency and scale of the challenge well communicated by senior leaders and understood throughout our organisation?	Communications plan under development	-	-	-
iv. Do we have specific and effective scrutiny and governance arrangements for managing the journey to net zero?	See 1.i	-	-	-
v. Do we understand the main barriers to progress and how well are we collaborating to overcome them?	Link with 3.i.	-	-	-
2. Clarify your strategic direction and increase your pace of Implementation				
Highlighted passages outlining main messages in report. Questions posed at the end of this section below				
i. Have we set out a clear strategic approach and action plan for decarbonisation? If not, why not?	Yes – 3 Year plan with Action plan for current financial year.			
ii. Have we given due consideration to recommendations from the Future Generations Commissioner on decarbonisation, including those within the Future Generations Report 2020?	Action - Aim to include greater integration of the Act into the successor Towards Net Zero Plans. ‘25-28			✓
iii. Are we involving our staff, stakeholders and citizens in the development and delivery of our strategic approach?	Action - Include opportunity for staff, stakeholder and citizen input in next Towards Net Zero Plan ‘25-28 e.g. using place shaping structures and processes as a vehicle for engagement/participation			✓
iv. Have we collaborated with others to develop our overall approach?	Link to 2.iii			✓

Audit Wales Report Questions raised within the Calls to Action	IoACC Position / Proposed Action	Implementation Term		
		Short	Medium	Long
v. How will our approach to decarbonisation help us deliver against other strategic objectives (including well-being objectives) as well as meeting the 2030 collective ambition?	Towards Net Zero Plan is a Strategic Plan within the Council contributing to 'The Council Plan', other long term strategic plans and Services' annual Delivery Plans	-	-	-
vi. Do our other corporate strategies, policies and operations reflect the strategic approach we have set out for decarbonisation?	Action - Ensure development / update of new corporate strategies, capital strategy, policies reflect strategic approach set out for decarbonisation.		✓	✓
vii. Does our action plan set out clear milestones that align with the 2030 collective ambition and is it being implemented at sufficient pace?	See 5i - Implementation plan currently focusing on annual targets. Baseline development will support setting clearer evidence based targets.	-	-	-
3. Get to grips with the finances you need				
i. Do we know what we are currently spending on activities to help meet the 2030 collective ambition?	Action – Supporting the Capital Strategy, a long term cost plans required to plan activities to meet 2030 collective ambition.	✓	✓	✓
ii. Do we know how much we would need to spend to help achieve the 2030 collective ambition?	Some costings for retrofitting housing stock identified. Spending plans to be confirmed based on stock condition survey and development of WHQS2 plans	-	-	-
iii. How are we deciding how much to spend on decarbonisation?	Linking with 3i - Integrate decarbonisation costs / benefits within financial planning process and Capital Strategy.	-	-	-
iv. If we have not yet assessed the financial implications of the 2030 collective ambition, do we understand why we have been unable to?	Resources to move decarbonisation agenda forwards not in place until recently. Towards Net Zero Plan established March'22	-	-	-
v. What are we doing to collaborate with others, to understand the financial implications, and to share costs?	Regional decarbonisation groups sharing information. Some projects with regional collab approach (LEAP)	-	-	-
vi. Do our budgets and expenditure reflect the need to reduce carbon emissions urgently?	Action - Ensure Carbon reduction spending is identified where necessary within the Capital Strategy, budgets and expenditure.	-	✓	✓
vii. Are we setting out a good level of detail in our financial statements in relation to decarbonisation spending? (See our blog on this matter).	Action - Evaluate level of detail in financial statements relating to decarbonisation spending		✓	
4. Know your skills gaps and increase your capacity				
i. Do we know what skills are needed, both now and in the future, to ensure we can deliver against the 2030 collective ambition?	Action - Skills gap & future skills analysis needed to support delivery of 2030 target		✓	✓



Audit Wales Report		IoACC Position / Proposed Action	Implementation Term		
Questions raised within the Calls to Action			Short	Medium	Long
ii. Do we have a plan in place to deal with any identified skills and capacity gaps through training, recruitment or working with peers and stakeholders to share resources and expertise?		Action - Skills training and capacity gap plan needed to ensure delivery of 2030 target.		✓	✓
5. Improve data quality and monitoring to support your decision making					
i. Are we playing our part in building a system that will provide consistent, accurate, high-quality data on carbon emissions across the public sector to support transparency and scrutiny?		Building the baseline and accompanying dashboard a priority for 22/23. Initial development work will also identify data management plan need to ensure high quality data on carbon emissions	-	-	-
ii. Do we know what the existing data is telling us and what further data do we need to support decision making?		Action - Links between baseline and business & financial planning to be established to support decision making.		✓	✓
iii. Based on our understanding of our own data, do we have plans in place to take appropriate action?		Link with 5ii - No plans in place to take appropriate action based on data currently in place	-	-	-
iv. How can we improve our understanding of emissions resulting from our supply chain and relevant third parties?		Action - Long term change within council to accurately capture spend for emissions needed; and long-term engagement with supply chain needed to develop skills, understanding and capacity to fully measure emissions		✓	✓



Appendix C – Summary & Gap Analysis of Zurich Health Check Recommendations

Short Term – In current action plan Medium Term – Yr. 2 or Yr3 Towards Net Zero Operational Plan Long Term – Next Towards Net Zero Plan	Actions outlined where gaps identified i.e. where there is no planned activity
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Health Check Recommendation	IoACC Position / Proposed Action	Implementation Term		
		Short	Medium	Long
<u>Culture - culture and approaches within the organisation</u>				
Climate Change Awareness (External) – consideration should be given as to how the journey towards net zero is communicated internal and externally	A Communications Plan currently included as a project in the 2022/23 Net Zero Action Plan	-	-	-
Removal of Silos and Identification of Joint Opportunities. Identify any joint opportunities in existing net zero programmes or projects to maximise benefits and opportunities – for example, clean air monitoring stations could be added to all schools’ weather monitoring equipment to increase the scale and scope of clean air monitoring	Link to internal communication plan includes information and sharing of learning.	-	-	-
<u>Financing climate change and sustainability</u>				
Financing – IoACC Director of Function (Resources) and Climate Change Manager to undertake a detailed review of all planned net zero / climate mitigation related, followed by a review of the long-term financial plan identifying investments and key financial decisions and milestones towards the 2030 target.	Link to recommended action to develop long term cost plans to identify planned activities to deliver net zero	-	-	-
Future Investment strategies – IoACC operates a traditional approach to financial investment. It may be worth in future considering whether these investment opportunities offer an alternative to the Council aligned to its own sustainability goals	Action – Consider long term investment opportunities that offer positive contribution towards the Councils Climate goals.		✓	✓
<u>Monitoring</u>				
Financing – Building on previous retrofitting success, Property Services to develop a long-term detailed plan of how all assets will / could be converted to net zero by 2030. There is also the financial funding aspect to consider as part of this detailed evaluation exercise.	Link with recommended actions to proposed long term net zero financial forecast and Assets Management Plan.	-	-	-
Wellbeing of Future Generations Act 2015 – revisions of the Corporate Plan / Towards Net Zero plan should align and encompass the Wellbeing of Future Generations Act 2015.	Linked with identified action to ensure clearer use of the WBFGA into the successor Towards Net Zero Plan.	-	-	-



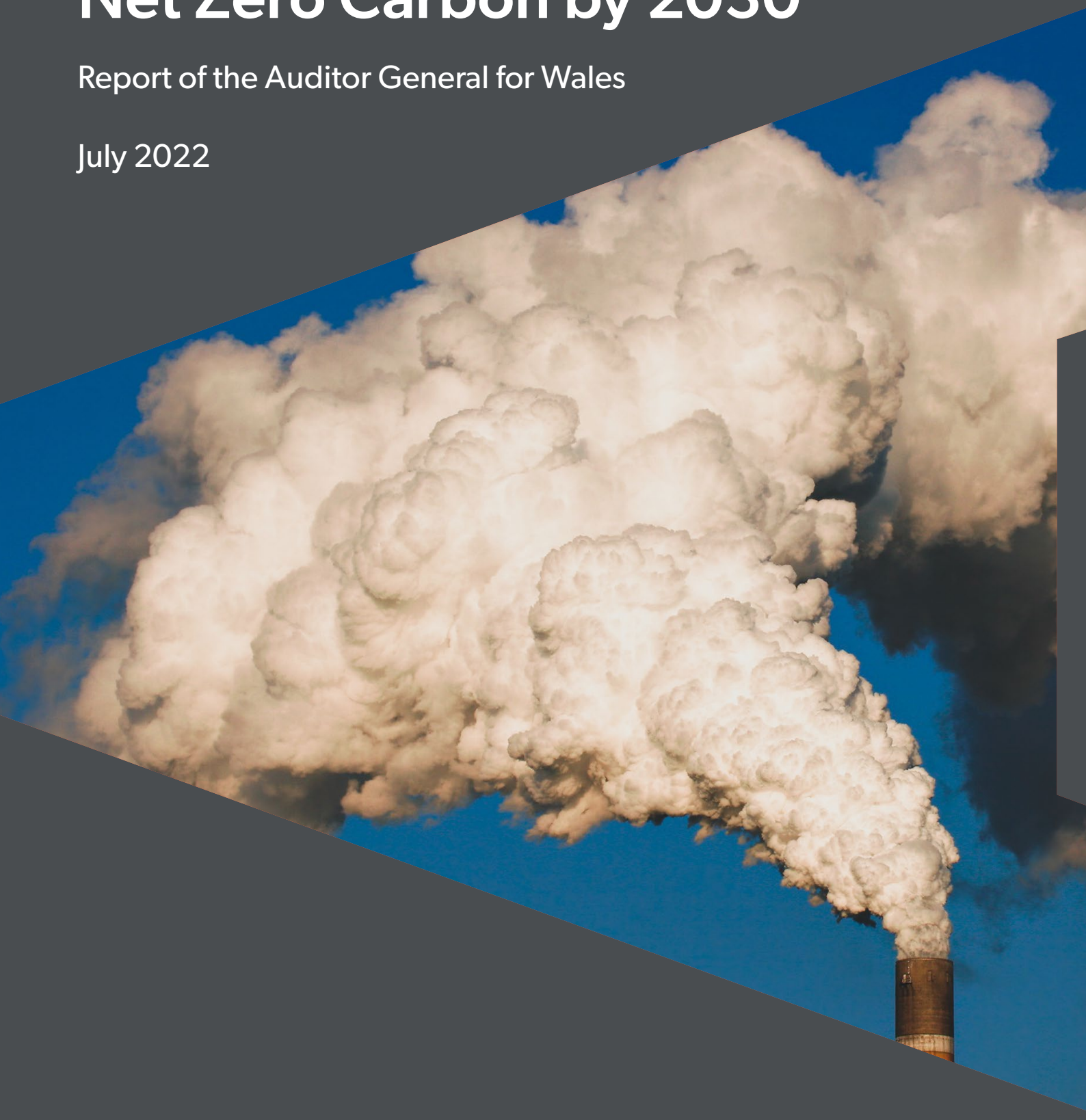
Health Check Recommendation	IoACC Position / Proposed Action	Implementation Term		
		Short	Medium	Long
Clean Air Monitoring – there are currently a set number of clean air monitoring stations located across Anglesey. Monitoring stations located at schools across the Island may be an opportunity to increase clean air monitoring capacity. Climate Change Manager to explore potential	Action - Climate Change Manager to explore potential with relevant officers to expand clean air monitoring using the councils existing assets.	✓		
People & Training				
Resources – specialist climate related professionals and skills and knowledge in key service areas is in short supply or not currently funded whilst the introduction of trainees roles has supported the gaps. The Council should evaluate whether the current workforce model will be sufficient to deliver the planned net zero changes.	Link recommendation with identified skills gaps & capacity analysis and plan.	-	-	-
Training & Awareness – the Climate Change Manager should issue regular communications to all staff, officers and elected members of progress against delivery schedules / timelines and completion trajectories. This should feature as part of the wider Carbon Literacy Training included within the Executive Summary.	Training – link with Carbon Literacy and wider training program delivered. Communications – addressed by internal communications plan	-	-	-
Projects, partners & supply chain				
Contracts / Suppliers – it is recommended that all existing, at point of renewal or new contracts are checked and aligned to meet or progress towards internal targets for climate change and net zero aspirations. The Climate Change Manager should be made aware of contract expiry dates and have input / oversight of potential climate change / net zero solutions proposed or agreed with third parties. Working with the Corporate Procurement Manager, the Climate Change Manager can identify a potential road map for identifying and reducing emissions from purchased goods and services / engagement across the Councils supply chain.	Link with existing review and update of - procurements policies and procedures included within current Towards Net Zero Plan.	-	-	-



Public Sector Readiness for Net Zero Carbon by 2030

Report of the Auditor General for Wales

July 2022



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Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

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Detailed report

Background

- 1 Climate change is one of the world's defining challenges and it requires immediate action from everyone. A landmark report by the United Nations in August 2021 said that human activity is changing our climate in unprecedented ways and that drastic reductions in carbon emissions are necessary.
- 2 The latest climate projections for Wales show an increased chance of milder, wetter winters and hotter, drier summers, rising sea levels and an increase in the frequency and intensity of extreme weather events. The implications are clearly stark.
- 3 A crucial way to mitigate the impacts of climate change is to reduce carbon emissions. In March 2021, following advice from the Climate Change Committee¹ in December 2020, the Welsh Government set new targets for a 63% carbon reduction by 2030, an 89% reduction by 2040, and a 100% reduction by 2050². In addition, the Welsh Government set out a more challenging collective ambition for the Welsh public sector³ to achieve net zero carbon by 2030 (the 2030 collective ambition).
- 4 In June 2021, the Welsh Government published its Programme for Government 2021-2026 which puts tackling the climate and nature emergencies at the heart of the new government. The Programme for Government also makes a series of commitments to embed a response to climate change in everything the Welsh Government does.

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- 1 The Climate Change Committee (CCC) is an independent, statutory body established under the Climate Change Act 2008. Its role is to advise the UK governments on emissions targets and to report on progress made in reducing greenhouse gas emissions and preparing for and adapting to the impacts of climate change.
 - 2 Net zero does not mean eliminating greenhouse gas emissions but balancing the greenhouse gas emissions with the amount of gases being removed from the atmosphere.
 - 3 The Welsh Government's definition of the 'public sector' in this case covers 65 bodies as set out in Appendix 2 of the Welsh Government, Public sector net zero data: baseline and recommendations, June 2022.

- 5 The Welsh Government has also published Net zero carbon status by 2030: A route map for decarbonisation across the Welsh public sector (the public sector route map) to support the Welsh public sector in achieving the 2030 collective ambition. Alongside the public sector route map, the Welsh Government published the net zero reporting guide and associated spreadsheet to allow the public sector to capture and report emissions on a consistent basis.
- 6 The Auditor General has committed to carrying out a long-term programme of work on climate change. Our first piece of work is a baseline review that asks: '**How is the public sector preparing to achieve the Welsh Government's collective ambition for a net zero public sector by 2030?**'. To inform the baseline review, 48 public bodies, including the Welsh Government, completed a call for evidence. **Appendix 1** explains our audit approach and methods.
- 7 We are publishing two reports to share our findings:
 - **this key findings report:** this report targets senior leaders and those with scrutiny roles in public bodies, with the aim of inspiring them to increase the pace of their work on achieving the 2030 collective ambition. We have included questions at the end of each section of this report for organisations to reflect on. While these questions are not exhaustive, they provide important pointers for organisations to consider.
 - **evidence report – to follow:** a report that will provide more detailed findings and data from the call for evidence and our wider work.

Overall conclusion

- 8 There is clear uncertainty about whether the public sector will meet its 2030 collective ambition. Our work identifies significant, common barriers to progress that public bodies must collectively address to meet the ambition of a net zero public sector by 2030. And while public bodies are demonstrating commitment to carbon reduction, they must now significantly ramp up their activities, increase collaboration and place decarbonisation at the heart of their day-to-day operations and decisions. Organisations need to be bold and innovative and share experiences of their successes and failures. The Auditor General will not criticise organisations for taking well-managed risks to address this unprecedented challenge.
- 9 We have set out five calls for action for organisations to tackle the common barriers to decarbonisation in the public sector. These are:



1

Strengthen your leadership and demonstrate your collective responsibility through effective collaboration



2

Clarify your strategic direction and increase your pace of implementation



3

Get to grips with the finances you need



4

Know your skills gaps and increase your capacity



5

Improve data quality and monitoring to support your decision making

- 10 We are not making specific recommendations given the high-level nature of our review. However, we encourage public bodies to consider the messages in this report, and through their internal governance structures, set out publicly how they intend to respond to the calls for action.

Calls for action



Strengthen your leadership and demonstrate your collective responsibility through effective collaboration

- 11 The Welsh Government showed leadership when it declared a climate emergency in 2019. Many of the other public bodies have followed suit, for example, 18 out of 22 Welsh councils have now declared a climate emergency.
- 12 The Welsh Government also demonstrated leadership when it set the 2030 collective ambition and in May 2021 when it established a new Ministerial portfolio for climate change. A related change to the Welsh Government's organisational structure came into effect from 1 April 2022.
- 13 We have found considerable activity by public bodies, supporting the move towards decarbonisation. So, public bodies are clearly taking this agenda seriously.
- 14 Despite this, they must do more because there is considerable uncertainty (and clear doubt from some organisations) about whether the 2030 collective ambition will be met. In the NHS, we found uncertainty that even a 34% reduction in emissions would be achieved across that sector⁴. Bodies told us about significant barriers to progress in decarbonising, such as difficulties in translating strategy into action, uncertainty about finances, a lack of skills and capacity, and issues with decarbonisation data. These matters are discussed throughout this report.
- 15 Now is the time for bold leadership. Public bodies must reduce carbon emissions from their estates, from their services, and from the goods and services they procure. On top of that, they must adopt a wider leadership role in championing the decarbonisation agenda in all sectors within the communities they serve to work towards a 'just transition'⁵.
- 16 Public bodies will need to demonstrate stronger collective leadership because collaboration between organisations will be critical to achieving the 2030 collective ambition. Some respondents told us that a wholesale change of thinking is required, with a more co-ordinated and joined-up approach across the public sector.

4 The NHS Wales Decarbonisation Strategic Delivery Plan sets out 46 initiatives that are estimated to reduce carbon emissions by 34% by 2030.

5 A 'just transition' means taking action on climate change and greening the economy in a way that is as fair and inclusive as possible to everyone concerned. Policy 1 in [Net Zero Wales Carbon Budget 2 \(2021-2025\)](#) sets out the Welsh Government's views on a just transition.

- 17 Several cross-organisational panels and programme boards already exist to collaborate on climate issues including decarbonisation. And while public bodies expressed largely positive views about the way they are collaborating, there was also recognition that these efforts need to be ramped up. There is a collective responsibility on the public sector to make existing structures work. Public bodies also need to consider what additional collaboration is needed within sectors and across the public sector.
- 18 Senior leaders must do more to demonstrate they fully grasp the urgency and scale of the challenge and clearly identify this as a top priority for their organisation if they are to achieve their ambitions. Decarbonisation (and wider climate risks) must be at the core of day-to-day business decisions and operations. This agenda must be integrated into all services and operations, so that decarbonisation is delivered alongside other outcomes.
- 19 The frameworks provided by the Well-being of Future Generations (Wales) Act 2015 (including public services boards and the setting of well-being objectives) can be used to help organisations decarbonise. Application of the sustainable development principle in key areas such as procurement, workforce planning and finance will also help delivery of the decarbonisation agenda.
- 20 Those charged with governance and scrutiny roles in individual organisations need to support the direction of travel while at the same time challenging whether enough is being done.

Questions that senior leaders and those who scrutinise them may want to ask

- Are we treating the climate crisis and the need to decarbonise as a real 'emergency'?
- Can we demonstrate that decarbonisation is at the core of day-to-day business decisions and operations?
- Is the urgency and scale of the challenge well communicated by senior leaders and understood throughout our organisation?
- Do we have specific and effective scrutiny and governance arrangements for managing the journey to net zero?
- Do we understand the main barriers to progress and how well are we collaborating to overcome them?

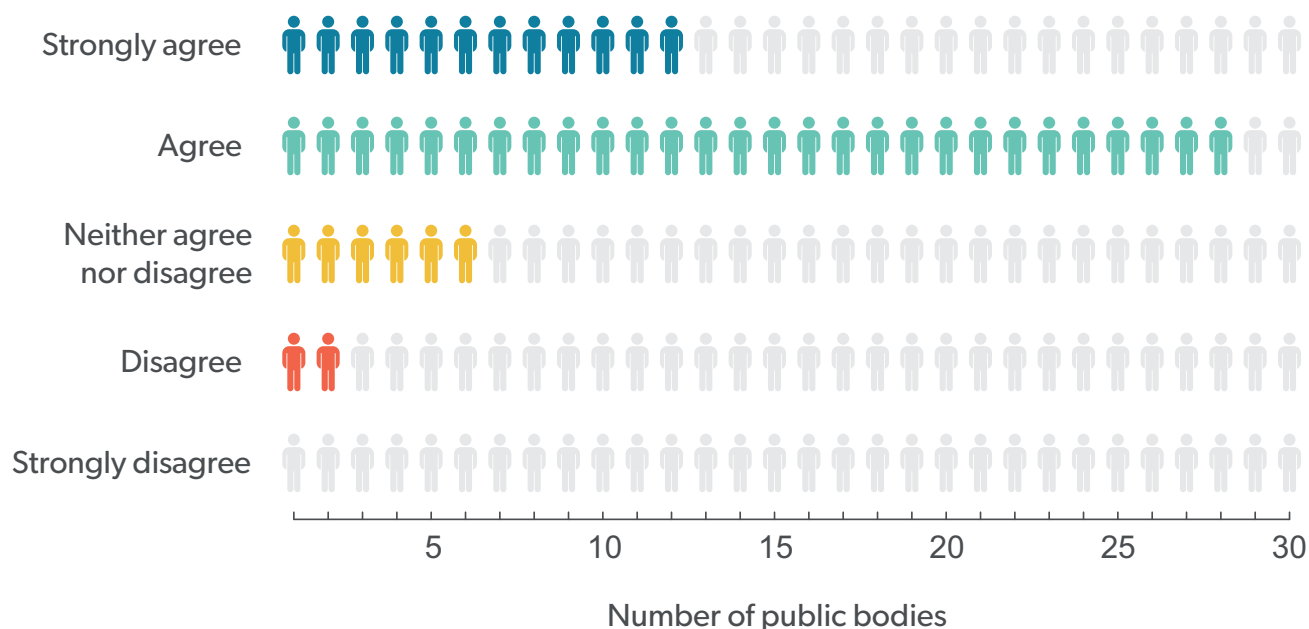




Clarify your strategic direction and increase your pace of implementation

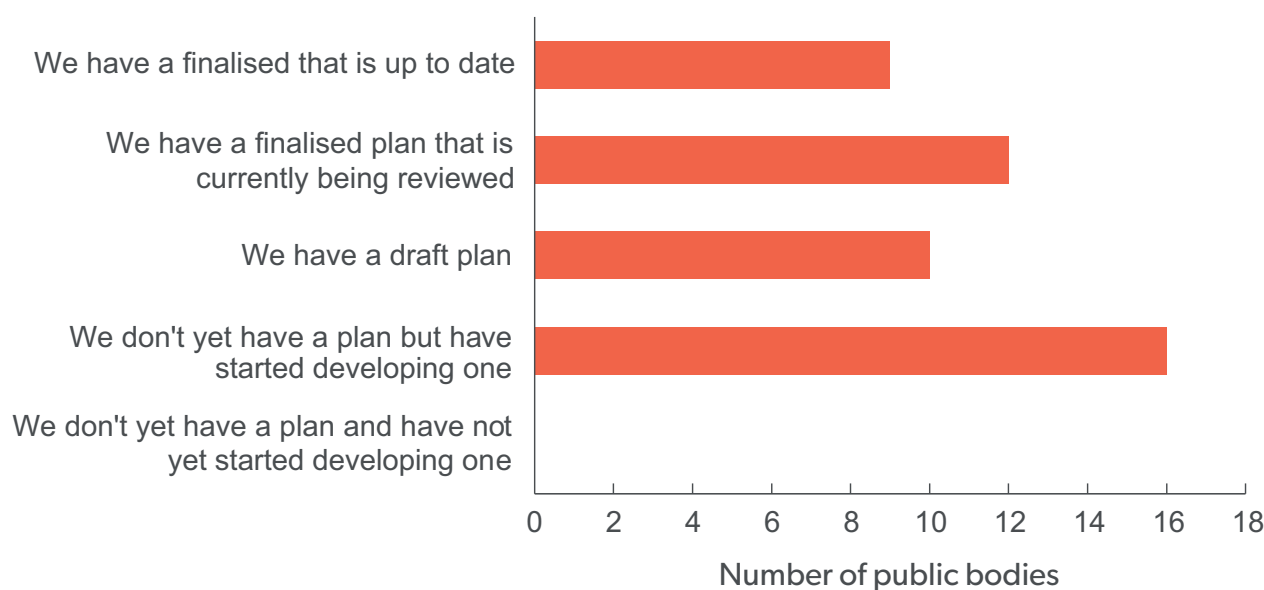
- 21 To deliver the 2030 collective ambition, it is essential that Wales has clear, joined-up, integrated strategies across the public sector. The action plans resulting from those strategies will also have to be implemented at pace.
- 22 In response to our call for evidence, public bodies were generally positive about the strategic direction set out by the Welsh Government and that it had been communicated well through the public sector route map (Appendix 3). In response to our question about the extent to which they were using the public sector route map, most public bodies said they were using it, to varying degrees, and only five said they were not.
- 23 Despite generally positive views about the national strategic direction, public bodies want more help to translate the strategy into action. Several organisations told us that while the public sector route map provides a high-level template, they need more clarity, support and guidance on how to decarbonise.
- 24 The Welsh Government told us that it deliberately designed the public sector route map to be a high-level framework to assist public bodies in developing local solutions based on individual circumstances, rather than a one-size-fits-all approach. The Welsh Government is providing other forms of central assistance on decarbonisation, including support through the Welsh Government Energy Service, grant funding for various programmes and funding of the Welsh Local Government Association transition and recovery support programme.
- 25 Some sector-specific guidance is available to support public bodies to translate the vision into action. For the NHS, the Carbon Trust and the NHS Wales Shared Services Partnership have set out more detailed actions in the NHS Decarbonisation Strategic Delivery Plan. In local government, the Welsh Local Government Association is developing more tailored support and guidance for councils.
- 26 Overall, our work has shown that public bodies are at very different stages in setting out their action plans for decarbonisation. While **Exhibit 1** shows most public bodies feel they have set a clear strategic direction, **Exhibit 2** shows that just over a third of organisations did not have a decarbonisation plan at the time of our call for evidence. All organisations had at least started to develop their plan, and under Welsh Government policy they have until April 2023 to develop one.

Exhibit 1: public bodies' responses to the statement, 'Our organisation has set a clear strategic direction to support the achievement of the 2030 carbon reduction targets'



Source: Audit Wales call for evidence

Exhibit 2: status of public bodies' action plans



Note: One public body did not respond to this question.

Source: Audit Wales call for evidence

- 27 The public sector route map sets out milestones for 2021-22, during which the Welsh Government expects the public sector to be 'moving up a gear'. The Welsh Government considers there has been good progress and the public sector is picking up the pace. However, the Welsh Government recognises there is still significant work to be done and to date, the public sector has not fully achieved the 'moving up a gear' milestones.

Questions that senior leaders and those who scrutinise them may want to ask

- Have we set out a clear strategic approach and action plan for decarbonisation? If not, why not?
- Have we given due consideration to recommendations from the Future Generations Commissioner on decarbonisation, including those within the Future Generations Report 2020⁶?
- Are we involving our staff, stakeholders and citizens in the development and delivery of our strategic approach?
- Have we collaborated with others to develop our overall approach?
- How will our approach to decarbonisation help us deliver against other strategic objectives (including well-being objectives) as well as meeting the 2030 collective ambition?
- Do our other corporate strategies, policies and operations reflect the strategic approach we have set out for decarbonisation?
- Does our action plan set out clear milestones that align with the 2030 collective ambition and is it being implemented at sufficient pace?



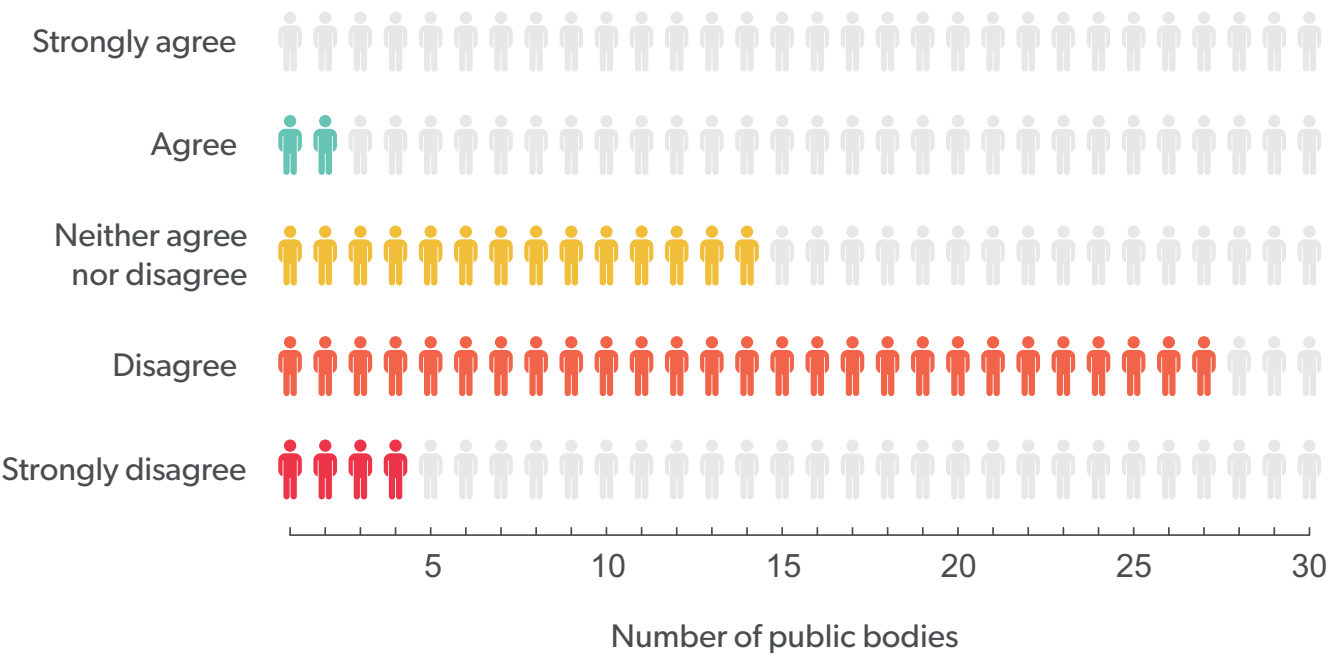
6 The Future Generations Commissioner for Wales, Future Generations Report 2020, May 2020.



Get to grips with the finances you need

- 28 Public bodies need to plan their finances in such a way that they can deliver their decarbonisation strategies and action plans. This will require long-term planning because decarbonisation will need investment for many years. It will also require immediate expenditure because if the 2030 collective ambition is to be met, urgent action is essential.
- 29 Public bodies recognised that significant investment in decarbonisation will be required, particularly for upfront infrastructure costs. But they were uncertain about where the funding for this investment would come from. The Welsh Government is providing funding to public bodies in various ways, but it has said it cannot fund everything. Public bodies will therefore need to think carefully about how they can use their existing funding in different ways, explore potential additional funding opportunities and consider how they might share costs with partner organisations.
- 30 Overall, public bodies told us that finances are a significant barrier to achieving the 2030 collective ambition. This is because of uncertainty in relation to the long-term additional funding they will have available to them, and about difficulties in getting to grips with the costs of decarbonising. **Exhibit 3** shows that most public bodies have not fully assessed the financial implications of the 2030 collective ambition. In some cases, this is because they have not yet set out a clear set of actions and activities to achieve net zero.

Exhibit 3: public bodies’ responses to the statement, ‘Our organisation has fully assessed the financial implications of meeting the 2030 carbon reduction targets’



Note: One public body did not respond to this question.

Source: Audit Wales call for evidence

Questions that senior leaders and those who scrutinise them may want to ask

- Do we know what we are currently spending on activities to help meet the 2030 collective ambition?
- Do we know how much we would need to spend to help achieve the 2030 collective ambition?
- How are we deciding how much to spend on decarbonisation?
- If we have not yet assessed the financial implications of the 2030 collective ambition, do we understand why we have been unable to?
- What are we doing to collaborate with others, to understand the financial implications, and to share costs?
- Do our budgets and expenditure reflect the need to reduce carbon emissions urgently?
- Are we setting out a good level of detail in our financial statements in relation to decarbonisation spending?
(See [our blog](#) on this matter).





Know your skills gaps and increase your capacity

- 31 Within public bodies it is everyone's responsibility to take action towards the 2030 collective ambition. Delivering that ambition will require public bodies to have staff in place with some specialist expertise. Our work found enthusiasm to deliver, but we also found widespread capacity issues and skills gaps. Skills gaps in relation to decarbonisation are not unique and are symptomatic of a wider challenge across the public sector. For example, in our [Picture of Public Services 2021](#) report, we highlight that staffing numbers have fallen and skills deficits have emerged.
- 32 Public bodies told us their resources are stretched in delivering their core services, and they are lacking specialist skills in carbon reduction and in monitoring carbon emissions. In addition, the complex nature of the field means that bodies are competing for limited expertise and knowledge.
- 33 Public bodies need to understand the staff capacity and skills they have in place through robust workforce planning. Training will play a crucial role in ensuring staff understand their decarbonisation responsibilities and are best equipped to deal with the task at hand. There is also an opportunity to share the knowledge, expertise and capacity that exists within the public sector as well as the private and third sectors.

Questions that senior leaders and those who scrutinise them may want to ask

- Do we know what skills are needed, both now and in the future, to ensure we can deliver against the 2030 collective ambition?
- Do we have a plan in place to deal with any identified skills and capacity gaps through training, recruitment or working with peers and stakeholders to share resources and expertise?





Improve data quality and monitoring to support your decision making

- 34 Public bodies need to understand where their emissions are coming from so they can check if they are making progress. We found that data issues are a major barrier to having a shared understanding of the problem and to taking strategic decisions about the solutions.
- 35 Carbon emissions monitoring and reporting is a complex and rapidly developing area worldwide. The Welsh Government has published a common reporting methodology for public bodies to report their emissions through the [Welsh Public Sector Net Zero Reporting Guide](#) and the net zero reporting spreadsheet. In doing so, the Welsh Government is trying new ways of improving emissions data. Welsh public bodies responded by putting new arrangements in place and by submitting their first set of annual data in October 2021.
- 36 The Welsh Government commissioned independent consultants, to review the first submission of emissions data from public bodies and in June 2022, the Welsh Government published the consultancy report in full. The report⁷ provides the first estimate of the full range of emissions by the public sector in delivering services for the people of Wales. The report states that the figures include significant uncertainty, particularly in relation to supply chain emissions, and that the data has not been thoroughly audited. The figures suggest emissions across Wales for the public sector reduced by 5% between 2019-20 and 2020-21.
- 37 In response to our call for evidence, public bodies recognised the usefulness of having a common reporting methodology. However, some responses pointed to concerns over some calculation methods, particularly regarding supply chain and land use, and called for further clarity of definitions to ensure consistent interpretation and reporting. Some responses also noted that existing systems were not able to capture the required data, and had to be updated, or new systems had to be put into place. This was often time consuming and resource intensive. NHS bodies also raised concerns about duplication with existing reporting arrangements on carbon emissions.

7 [See Footnote 3.](#)

- 38 It is important to get the data right because this information will underpin decision making and monitoring of progress for decades to come. However, we acknowledge this is the first year of the new arrangements to report a complex issue and the Welsh Government is committed to developing the guidance further to address the issues identified in the consultancy report (**paragraph 36**) and to reflect wider feedback. The Welsh Government published revised [reporting guidance](#) in July 2022. We also acknowledge that while there are concerns about supply chain data, the requirement to report this data reinforces the findings from previous studies that show the importance of reducing emissions from procurement and the supply chain⁸.

Questions that senior leaders and those who scrutinise them may want to ask

- Are we playing our part in building a system that will provide consistent, accurate, high-quality data on carbon emissions across the public sector to support transparency and scrutiny?
- Do we know what the existing data is telling us and what further data do we need to support decision making?
- Based on our understanding of our own data, do we have plans in place to take appropriate action?
- How can we improve our understanding of emissions resulting from our supply chain and relevant third parties?



⁸ [Welsh Government, A route map for decarbonisation across the Welsh public sector \(Appendix A\), May 2021.](#)



Appendices

- 1 Audit approach and methods
- 2 Legislative and policy framework underpinning decarbonisation
- 3 The public sector route map and reporting guide

1 Audit approach and methods

In November 2021, we issued a call for evidence to 48 public bodies, asking questions about their baseline position in achieving the 2030 collective ambition. Most public bodies responded in the period December 2021 to January 2022. We sent the call for evidence to the bodies covered by the Well-being of Future Generations (Wales) Act 2015 at the time. This included all principal councils, fire and rescue authorities, national park authorities, health boards and NHS trusts, and the larger Welsh Government sponsored bodies.

We also sent the call for evidence to the Welsh Ambulance Services NHS Trust, Digital Health and Care Wales, and Health Education and Improvement Wales to ensure we had a more complete picture across the NHS. We also sent the call for evidence to NHS Wales Shared Services Partnership (NWSSP), which is an independent mutual organisation, owned and directed by NHS Wales, that delivers a range of services for and on behalf of NHS Wales. NWSSP is hosted by and operates under the legal framework of Velindre University NHS Trust, which is itself covered by the Well-being of Future Generations (Wales) Act 2015.

We received responses from all bodies that were sent the call for evidence, although in a small number of instances not all questions were answered. Where questions were not answered by all public bodies, this is set out in a note to each relevant graph.

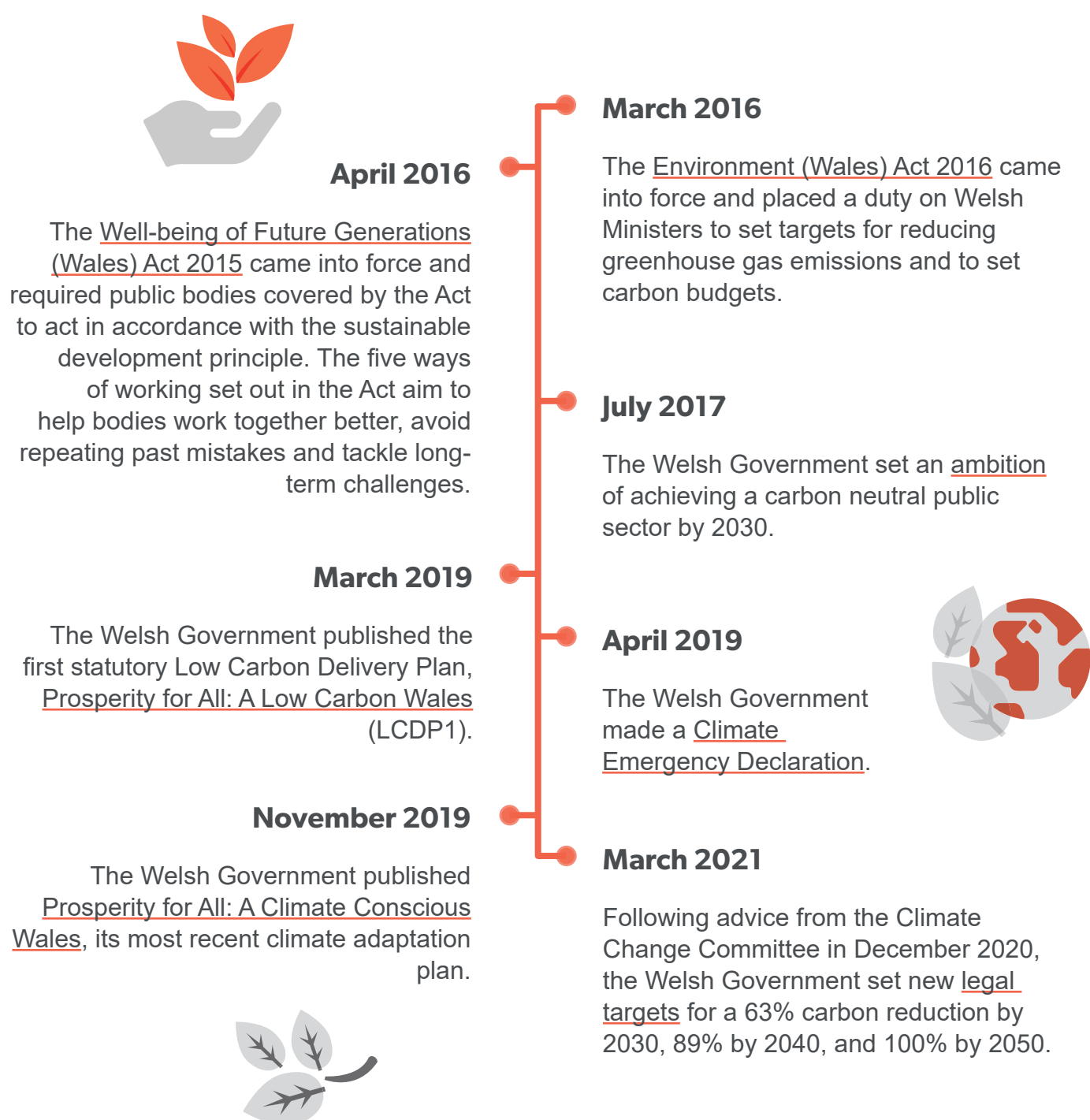
To inform our work, we held discussions with relevant stakeholders including the Welsh Government, the Office of the Future Generations Commissioner for Wales, representatives of NHS Wales and the Welsh Local Government Association. We also reviewed key documents, including policies and guidance, and other relevant information provided to us by the Welsh Government and other stakeholders.

We did not undertake a detailed review at each of the public bodies. While we have largely relied on what they reported through their call for evidence responses and any supporting documentation, we have also sought to triangulate our findings through discussions with stakeholders and evidence from our wider document and data review. We also shared and discussed our emerging findings at a public webinar held in May 2022. 109 people from outside Audit Wales attended the webinar, representing a range of public, private and third sector organisations.

As stated earlier in this report, the Auditor General for Wales has committed to a long-term programme of work on climate change. We have already reported on the decarbonisation efforts of fire and rescue authorities, we have begun to review council decarbonisation action plans and we are preparing a report on flood risk management. Following a recent consultation on our future work programme, we are considering our next steps in relation to auditing actions to decarbonise and to adapt to the changes already happening to our climate.

2 Legislative and policy framework underpinning decarbonisation

The graphic below sets out the key legislation, policies and guidance related to decarbonisation and climate change that apply across the Welsh public sector. We refer to sector-specific legislation and policies in the main body of this report where relevant.



May 2021

The Welsh Government published the Welsh public sector net zero reporting guide and the net zero carbon reporting spreadsheet. **Appendix 3** provides further detail.



June 2021

The Welsh Government published its Programme for Government 2021-2026 which puts tackling the climate and nature emergencies at the heart of the new government and makes a series of commitments to embed climate change in a number of ways.

July 2021

The Welsh Government published Net zero carbon status by 2030: A route map for decarbonisation across the Welsh public sector. **Appendix 3** provides further detail.



October 2021

The Welsh Government published Net Zero Wales Carbon Budget 2 (2021 to 2025). This sets out specific policies for the public sector, including a target for decarbonisation plans to be in place by March 2023, targets relating to buildings, vehicles and procurement, and development of a new health and social care decarbonisation plan.

July 2022

The Welsh Government published updated versions of the Welsh public sector net zero reporting guide and the net zero carbon reporting spreadsheet.

3 The public sector route map and reporting guide

To support the public sector to achieve net zero, the Welsh Government published its [public sector route map](#) in July 2021. The route map sets out four priority areas for action: buildings, mobility and transport, procurement, and land use. It also sets out key milestones for the public sector to achieve, which are:



2021-
2022

Moving up a gear: Where understanding the context and what needs to be done is vital, and where action needs to accelerate.



2022-
2026

Well on our way: Where there is an expectation that low carbon is becoming the norm and the public sector is definitely on the way to net zero.



2026-
2030

Achieving our goal: Where choosing zero carbon has become routine, culturally embedded, and self-regulating.

In May 2021, the Welsh Government published the [Welsh Public Sector Net Zero Carbon Reporting Guide](#). The aim of the guide is to develop a universal set of instructions for use by public bodies to assist in meeting the 2030 collective ambition, in particular to:

- **Baseline:** To understand the current situation and quantify organisational emissions and removals for a consistently drawn boundary. And to quantify the likely emission gap to carbon neutral operations by 2030.
- **Identify mitigation potential:** An assessment to identify significant sources of emissions enabling organisations and the public sector to prioritise action needed to move to carbon neutral operations by 2030.
- **Monitor progress:** A need to gather, collate and analyse data to assess whether organisations are on track to achieving their goal of carbon neutrality by 2030.

Alongside the guide, the Welsh Government published the [Net zero carbon reporting spreadsheet](#) for use by public bodies to capture and report their emissions data in a consistent way. The Welsh Government asked public bodies to submit the first data by October 2021 for the 2020-21 financial year. The second submission is required by September 2022 for the 2021-22 financial year.

The guide states that public bodies should report actions to reduce emissions and move to carbon neutral operations by 2030, but the format and narrative of that reporting are not prescribed. The guide does suggest it could be in the form of an annual report on progress against a published action plan or a separate document. It also suggests that management information used in collating an emissions report will provide a good basis for the narrative report. As part of our work, we have not reviewed any narrative reports produced by public bodies, although **paragraphs 34-38** of this report comment on the challenges relating to the carbon emissions data and reporting. Following feedback from public bodies and a review of the first year's data submissions, the Welsh Government published revised reporting guidance in July 2022.



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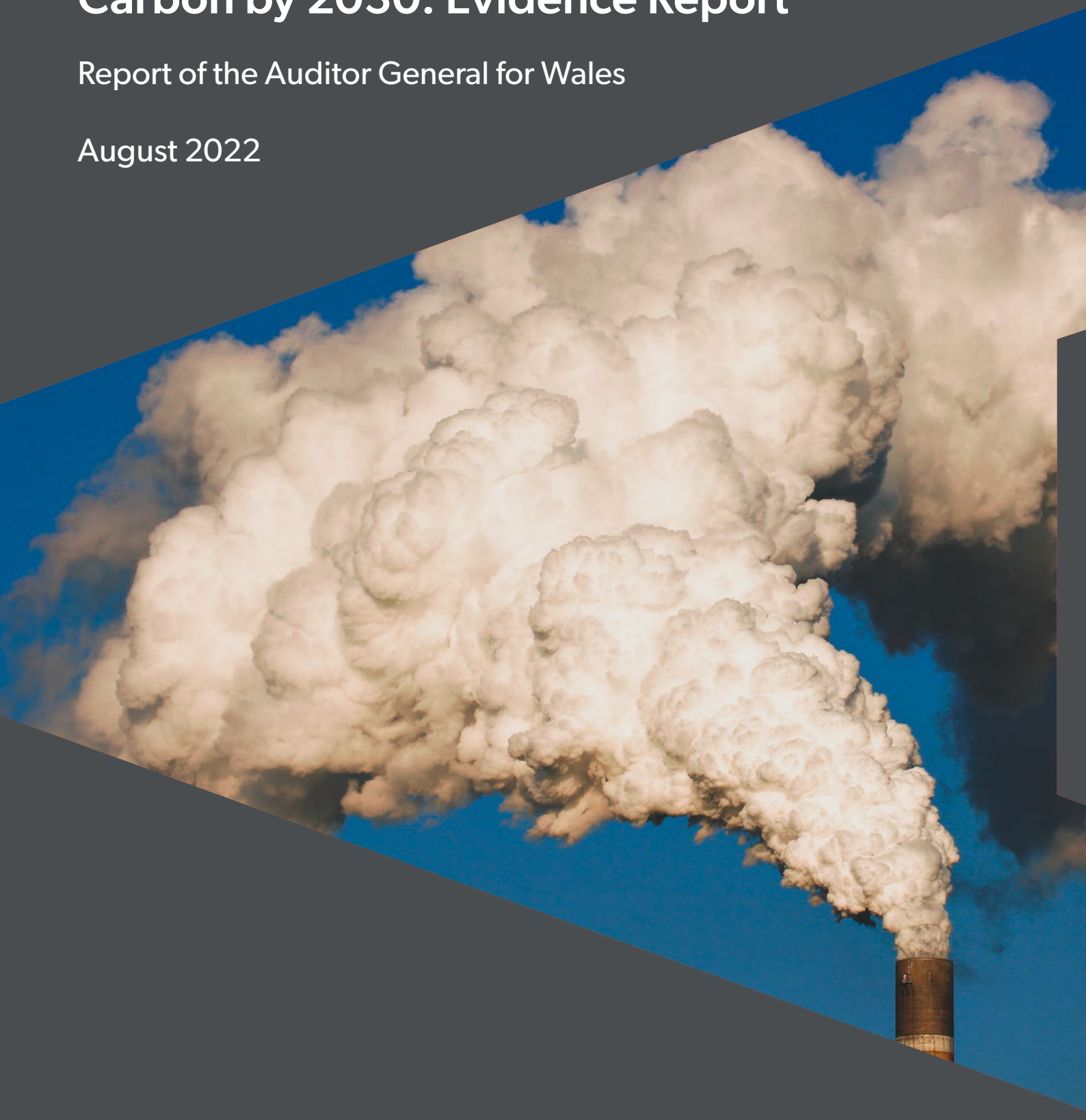
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Public Sector Readiness for Net Zero Carbon by 2030: Evidence Report

Report of the Auditor General for Wales

August 2022



This report has been prepared for presentation to the Senedd under the Government of Wales Act 2006, the Public Audit (Wales) Act 2004 and the Well-being of Future Generations (Wales) Act 2015.

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

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Detailed report

Background

- 1 Climate change is one of the world's defining challenges and it requires immediate action from everyone. A landmark [report by the United Nations](#) in August 2021 said that human activity is changing our climate in unprecedented ways and that drastic reductions in carbon emissions are necessary.
- 2 The latest climate projections for Wales show an increased chance of milder, wetter winters and hotter, drier summers, rising sea levels and an increase in the frequency and intensity of extreme weather events. The implications are clearly stark.
- 3 A crucial way to mitigate the further impacts of climate change is to reduce carbon emissions. In March 2021, following advice from the Climate Change Committee¹ in December 2020, the Welsh Government set [targets for a 63% carbon reduction by 2030](#), an 89% reduction by 2040, and a 100% reduction by 2050². In addition, the Welsh Government set out a more challenging collective ambition for the Welsh public sector³ to be net zero carbon by 2030 (the 2030 collective ambition).
- 4 In June 2021, the Welsh Government published its [Programme for Government 2021-2026](#) which puts tackling the climate and nature emergencies at the heart of the new government. The Programme for Government also makes a series of commitments to embed a response to climate change in everything the Welsh Government does.

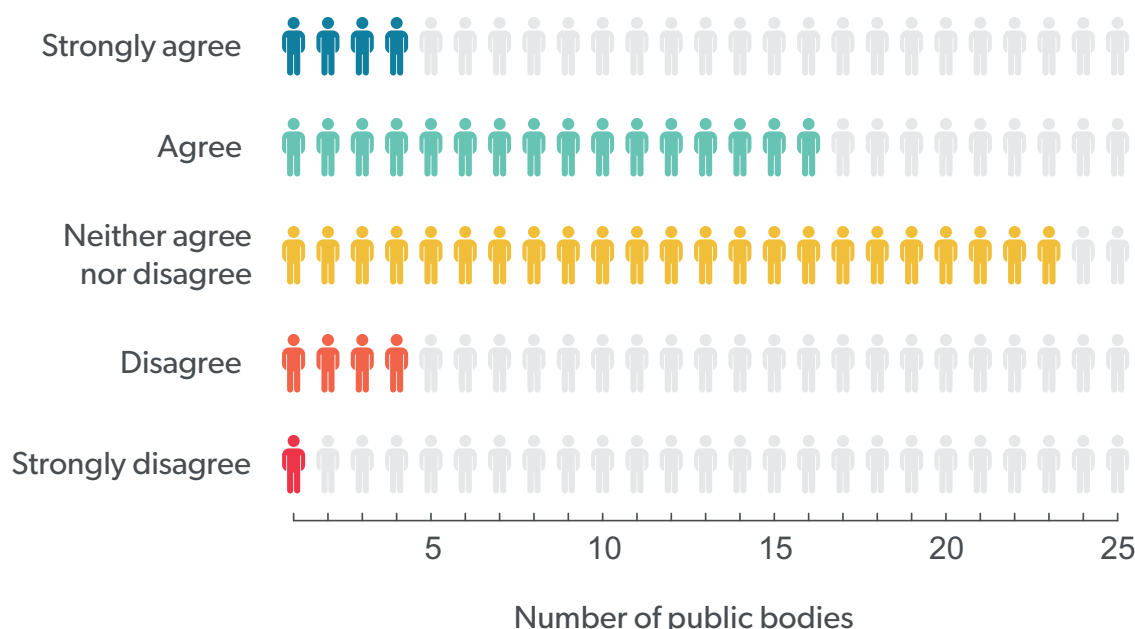
-
- 1 The Climate Change Committee (CCC) is an independent, statutory body established under the Climate Change Act 2008. Its role is to advise the UK governments on emissions targets and to report on progress made in reducing greenhouse gas emissions and preparing for and adapting to the impacts of climate change.
 - 2 Net zero does not mean eliminating greenhouse gas emissions but balancing the greenhouse gas emissions with the amount of gas being removed from the atmosphere.
 - 3 The Welsh Government's definition of the 'public sector' in this case covers 65 bodies as set out in Appendix 2 of the Welsh Government, [Public sector net zero data: baseline and recommendations](#), June 2022.

- 5 The Welsh Government has also published Net zero carbon status by 2030: A route map for decarbonisation across the Welsh public sector (the public sector route map) to support the Welsh public sector in achieving the collective ambition. Alongside the public sector route map the Welsh Government has published the net zero reporting guide and associated spreadsheet to allow the public sector to capture and report emissions on a consistent basis. Our separate key findings report provides further detail on the national strategic direction for decarbonisation and its underpinning policy and legislative framework.
- 6 The Auditor General has committed to carrying out a long-term programme of work on climate change. Our first piece of work is a baseline review that asks: '**How is the public sector preparing to achieve the Welsh Government's collective ambition for a net zero public sector by 2030?**'. To inform the baseline review, 48 public bodies, including the Welsh Government, completed a call for evidence. **Appendix 1** explains our audit approach and methods.
- 7 We have published two reports to share our findings:
 - a **key findings report**: a summary report, published in July 2022, that targets senior leaders and those with scrutiny roles in public bodies, with the aim of inspiring them to increase the pace of their work on achieving the 2030 collective ambition. In that report, we set out the overall conclusion from our work and five calls for action for organisations to tackle the common barriers to decarbonisation in the public sector. The key findings report also notes that application of the sustainable development principle and the frameworks provided by the Well-being of Future Generations (Wales) Act 2015 can be used to help organisations to decarbonise.
 - b **this evidence report**: supplementing the key findings report by providing more detailed findings and data from the call for evidence and our wider work.

Confidence in meeting the 2030 collective ambition

- 8 We found considerable uncertainty (and clear doubt from some) about whether the collective ambition for a net zero public sector will be achieved by 2030. **Exhibit 1** shows that in our call for evidence, 20 out of 48 bodies agreed or strongly agreed they were confident that their organisation would meet the 2030 collective ambition, whereas 23 said they neither agreed nor disagreed and five disagreed or strongly disagreed.

Exhibit 1: public bodies' responses to the statement, 'Our organisation is confident that it will meet the 2030 target to have net zero carbon emissions'



Source: Audit Wales call for evidence

- 9 For NHS bodies, the NHS Wales Decarbonisation Strategic Delivery Plan (the NHS plan) includes a target to deliver a 34% reduction in carbon emissions by 2030. This target is based on a calculation about the reduction in emissions that can be realistically expected from the 46 initiatives set out in the plan. Our evidence from NHS bodies indicates considerable uncertainty about meeting this target (as well as the more challenging net zero ambition). **Paragraph 50** provides further consideration of the barriers to achieving the 2030 collective ambition.

- 10 The evidence suggests there is a need for greater clarity on how the 34% target fits within the wider context of the 2030 collective ambition. The Welsh Government has deliberately set a stretching collective ambition to stimulate action, although it is not a statutory target. At the same time, the NHS has set itself a less stretching target of a 34% reduction by 2030, while other parts of the public sector do not have separate targets. The health sector accounts for around a third of the public sector carbon emissions in Wales⁴. If the NHS was to achieve only a 34% reduction in emissions, it would make it significantly more difficult to achieve an overall net zero position across the public sector.
- 11 **Exhibit 2** provides examples of what public bodies told us in relation to the 2030 collective ambition and the likelihood of it being achieved.

4 As set out in Public Sector Net Zero: data and recommendations, health boards and trusts produced 1,134,000 tonnes of CO₂ against a total of 3,279,000 tonnes produced by the public sector as a whole in 2020-21.

Exhibit 2: some comments from public bodies about the 2030 collective ambition

- ‘We recognise the enormity of the challenge we face.’
- ‘We are committed to contributing to the Welsh Government’s ambition for the public sector to be net zero by 2030 and will endeavour to deliver on or exceed the targets it sets.’
- ‘Not yet sufficiently clear what it will mean in practice.’
- ‘We do not have complete confidence that we will be able to measure the results of our actions.’
- ‘It will involve decarbonisation action in areas that we have yet to develop decarbonisation expertise, for example, in procurement and local area energy planning.’
- ‘If our entire supply chains are not zero carbon, then we cannot be either.’
- ‘The council is committed to achieving its net zero ambitions, notwithstanding the challenges.’
- ‘The level of financial investment will be a driver in whether or not we achieve our ambition and how quickly we’re able to act.’

Source: Audit Wales call for evidence

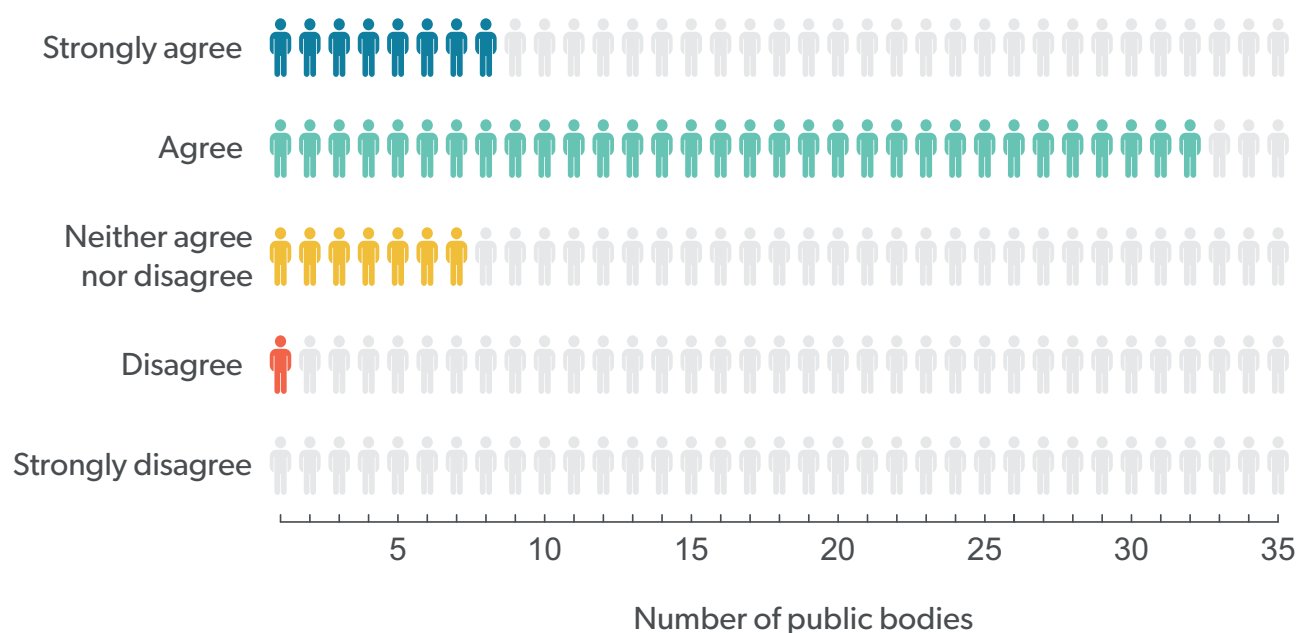
“ We recognise the enormity of the challenge we face ”

Strategic direction and action planning for decarbonisation

National strategic direction

- 12 **Exhibit 3** shows that public bodies were generally positive about the Welsh Government's strategic direction on decarbonisation. Public bodies were also largely positive about the way in which the Welsh Government had engaged with them through various channels over the approach to achieving net zero.

Exhibit 3: public bodies' responses to the statement, 'The Welsh Government has set a clear strategic direction for public bodies in Wales to support the achievement of their 2030 carbon reduction targets'



Source: Audit Wales call for evidence

- 13 **Exhibit 4** provides examples of what public bodies told us in relation to the national strategic direction.

Exhibit 4: some comments from public bodies about the national strategic direction

- ‘Welsh Government have set a clear strategic direction in terms of ambition and there is a clear and consistent message in terms of where we need to get to.’
- ‘We have used the strategic direction and guidance as a framework to develop an organisational climate change plan.’
- ‘The strategic direction has been set out clearly by Welsh Government but how we get there as local authorities, and the support we receive is not clear.’
- ‘I believe that the government could be offering more support ensuring that the guidance provided is consistent for everyone.’
- ‘Further work is required by (Welsh Government) to publicise the wider strategic narrative and tools available.’
- ‘The National (NHS Wales) Strategic Decarbonisation Plan provides a clear direction of travel for Wales and robust evidence base for the priorities within (our area).’
- ‘The NHS Wales Decarbonisation Strategic Delivery Plan sets out a number of actions with clear timelines.’

Source: Audit Wales call for evidence

“ The strategic direction has been set out clearly by Welsh Government but how we get there as local authorities...is not clear ”

- 14 The public sector route map is a key part of the national strategic direction. Some public bodies told us they view the public sector route map as a high-level thematic and strategic framework. They told us it sets the overall direction, and is an accessible, well-presented and user-friendly document. Several bodies made comments about the usefulness of the route map as a tool for explaining, identifying, developing and delivering actions. Some also told us that the route map was a valuable aid for explaining responsibilities and requirements to senior management, members and board members.
- 15 Nevertheless, several non-NHS bodies said they wanted more help to translate the strategy into local, day-to-day operations, through their action plans. These organisations told us that while the public sector route map provides a high-level template, they need more clarity, support and guidance on how to decarbonise. The Welsh Government told us that it deliberately designed the route map to be a high-level framework to assist public bodies in developing local solutions based on individual circumstances, rather than a one-size-fits-all approach. In addition, the Welsh Government does provide other sources of support to public bodies through the Welsh Government Energy Service and through the Wales Funding Programme, as set out in **paragraph 22**.
- 16 **Exhibit 5** provides a summary of some concerns public bodies expressed about the public sector route map. **Exhibit 18** expands on some of these concerns as part of a discussion about wider barriers to decarbonisation.

Exhibit 5: summary of concerns from public bodies about the public sector route map

- **Timeliness:** Overall, public bodies felt there was consistency between the direction set by the Welsh Government and their individual approaches. However, due to the timing of the route map's publication⁵, some bodies had already started developing their own strategies and action plans so there is not always complete read across to the route map. There is an opportunity to fully align when strategies and action plans are refreshed.
- **Detail:** the public sector route map needs additional clarity, support and guidance on how to decarbonise.
- **Targets:** some of the targets and the timeframes to achieve them are very challenging.
- **Funding:** there is a lack of planned, long-term, external investment from the Welsh Government to support delivery.
- **Inconsistency:** potential for inconsistent interpretation of the guidance and the reporting requirements.
- **Calculations:** further detail and clarity are needed in the carbon calculator, specifically in relation to the procurement and land use themes.

Source: Audit Wales call for evidence

5 The Welsh Government chose to delay publication of the route map during the COVID-19 pandemic because it did not want to overburden public bodies at such a difficult time.

Sector-specific strategies and support for decarbonisation

- 17 In the health and care sector, the Welsh Government has convened the Climate Change and Decarbonisation Programme Board for Health and Social Care, to help lead, support and give strategic oversight to decarbonisation work. Guidance on decarbonisation is available to NHS bodies through the NHS plan which was published alongside the public sector route map in May 2021. The Carbon Trust and the NHS Wales Shared Services Partnership developed the NHS plan, which sets out 46 initiatives for decarbonisation that will be assessed and reviewed in 2025 and 2030.
- 18 The NHS plan aligns with the public sector route map, provides more detail and allocates responsibility for initiatives and actions to different parts of NHS Wales. The NHS plan focuses on traditional areas of decarbonisation, such as buildings and transport. While these remain important areas of focus, the Welsh Government has acknowledged that the section on decarbonising healthcare⁶ is less detailed, reflecting the developing practice in this area.
- 19 Our call for evidence responses from NHS bodies demonstrated a focus on and commitment to delivering the actions set out in the NHS plan. And while there appears to be support in the health sector for the NHS plan, the Welsh Government recognises there is scope to strengthen its co-ordination and leadership.
- 20 In local government, the Welsh Local Government Association is developing tailored support and guidance for councils on decarbonisation. The Welsh Government funds the Welsh Local Government Association transition and recovery support programme. Focussing on the key themes of the public sector route map, the programme provides a range of support including toolkits, commissioned research on interventions to achieve net zero, training to build knowledge and expertise, and events to facilitate sharing of best practice. The Welsh Government is also part of the Local Government Climate Strategy Panel which supports and gives strategic overview to decarbonisation work in local government.
- 21 The Welsh Government does not currently plan to produce specific decarbonisation plans for other sectors covered by the public sector route map. However, it acknowledges that more support and guidance may be needed for bodies outside of the NHS and local government.

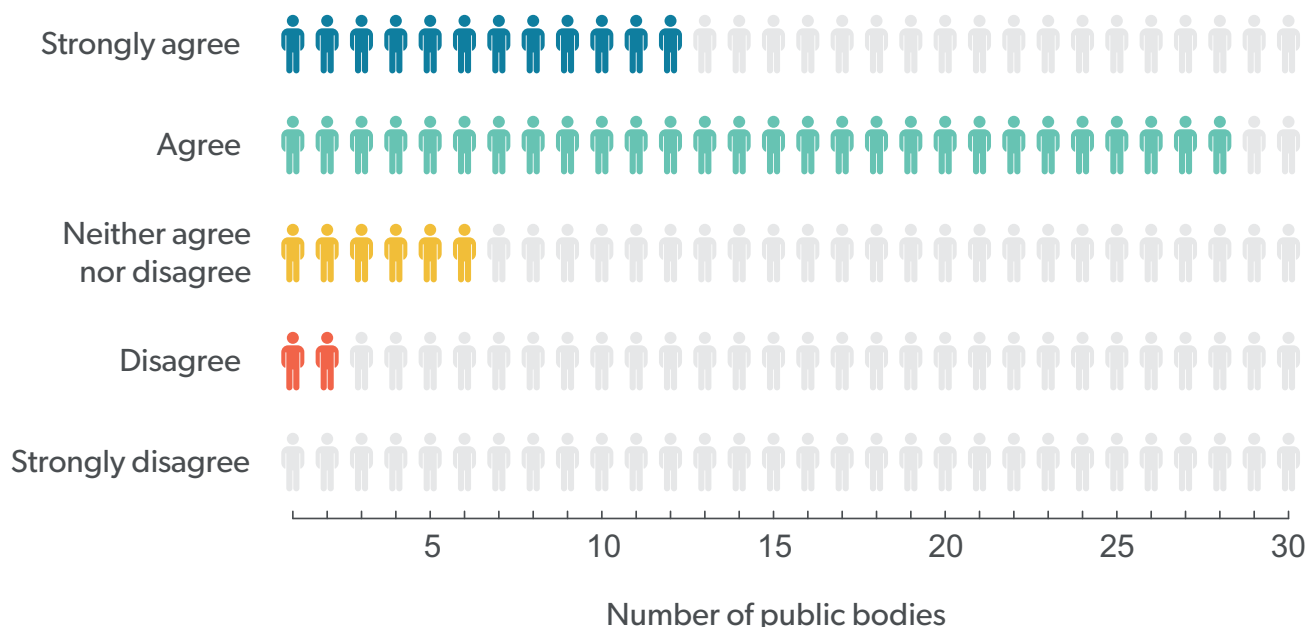
6 Decarbonising healthcare refers to reducing carbon emissions in health services rather than decarbonising the physical infrastructure surrounding healthcare. Examples include the use of medical gases and inhalers that involve greenhouse gases.

- 22 The Welsh Government is providing other central assistance on decarbonisation, including support through the Welsh Government Energy Service (WGES) and grant funding for various programmes. The WGES provides technical advice and other support to public sector bodies and community enterprises on energy efficiency, renewable energy projects and fleet improvements. The WGES annual report provides further information about the support it provides. The Welsh Government has made funding available for public sector decarbonisation projects through the Wales Funding Programme, which aims to make buildings and assets more energy efficient.

Local strategic direction

- 23 **Exhibit 6** shows that most public bodies were confident their organisation had set a clear, local strategic direction to deliver the 2030 collective ambition.

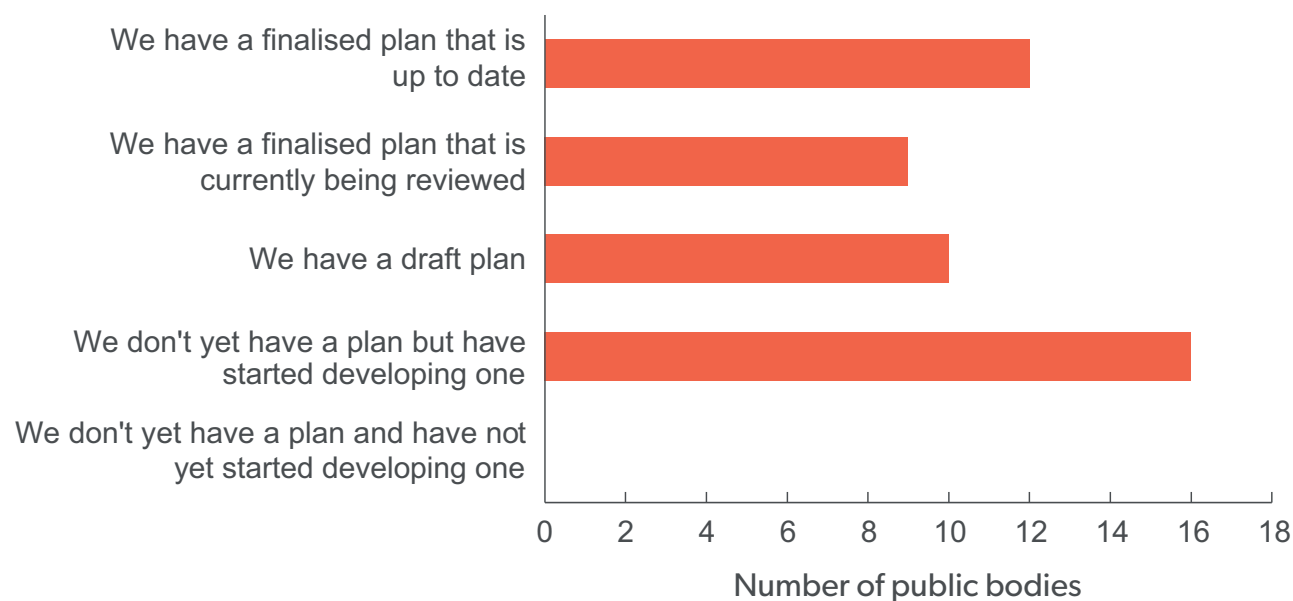
Exhibit 6: public bodies' responses to the statement, 'Our organisation has set a clear strategic direction to support the achievement of the 2030 carbon reduction targets'



Source: Audit Wales call for evidence

- 24 However, **Exhibit 7** shows that public bodies are at very different stages in setting out their action plans for decarbonisation. Within these responses, NHS bodies appeared to be a bit further behind local government.

Exhibit 7: status of public bodies' action plans

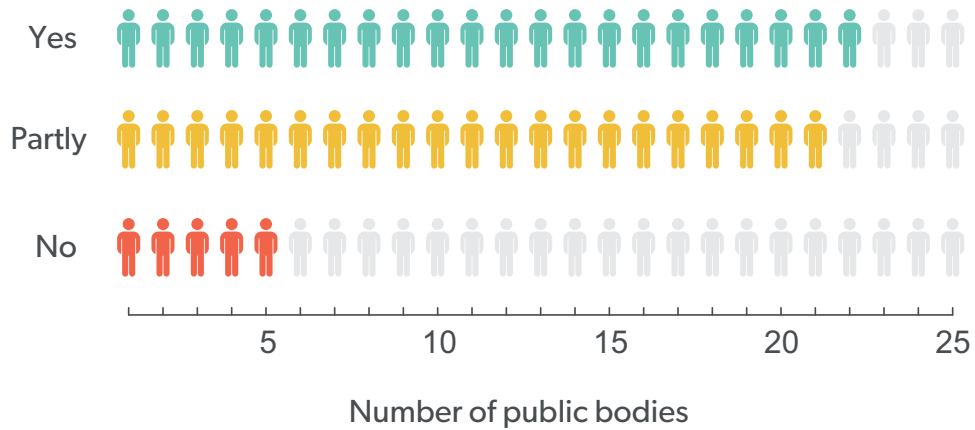


Note: One public body did not respond to this question.

Source: Audit Wales call for evidence

- 25 **Exhibit 8** shows variation in the extent to which public bodies are using the public sector route map to guide their own strategic approach, with five responding to say that they are not using it at all.

Exhibit 8: public bodies' responses to the question, 'Is your organisation using the Welsh Government's public sector route map to guide its approach to reducing carbon emissions?'



Source: Audit Wales call for evidence

Governance and leadership arrangements for decarbonisation

- 26 It is important that public bodies have effective internal governance and leadership arrangements to drive decarbonisation. Public bodies described various existing and new structures, including boards and dedicated senior staff groups. For example, all NHS bodies have an identified director or executive director to oversee decarbonisation. Responses to the call for evidence also acknowledged that clear structures are essential and need to be regularly reviewed to ensure they remain fit for purpose.
- 27 Public bodies recognised the importance of engaging all staff in the critical issue of decarbonisation, but they acknowledged that more needs to be done. Upskilling of staff through training was identified as key to supporting the delivery of the 2030 collective ambition. However, more needs to be done to ensure upskilling covers the whole staff base and not just senior leaders or those charged with governance.
- 28 **Exhibit 9** provides examples of what public bodies told us in relation to their governance and leadership arrangements for decarbonisation.

Exhibit 9: some comments from public bodies about their governance and leadership arrangements for decarbonisation

- ‘A climate and nature emergency officer group has been established to lead, facilitate and support the delivery of the action plan.’
- ‘The health board has established a sustainability and decarbonisation programme board led by the Executive Director Finance.’
- ‘The council has just appointed ... a Climate Change Manager.’
- ‘We are building decarbonisation into the clinical model which will be operating in new hospital infrastructure going through business case stages.’
- ‘Some early adopter clinical departments are creating their own sustainability action plans.’
- ‘[We] will appoint a board director as decarbonisation lead (and senior responsible officer) and establish a steering group to oversee our decarbonisation programme.’
- ‘The Sustainable Group is chaired by the Executive Director of Strategy and attended by staff from across the health board, including clinicians and those networked into a wide range of partner forums.’
- ‘The council established its cross-party Climate Change and Ecological Emergency Working Group after declaring the climate and ecological emergency. The Working Group was supported by a team of officers.’

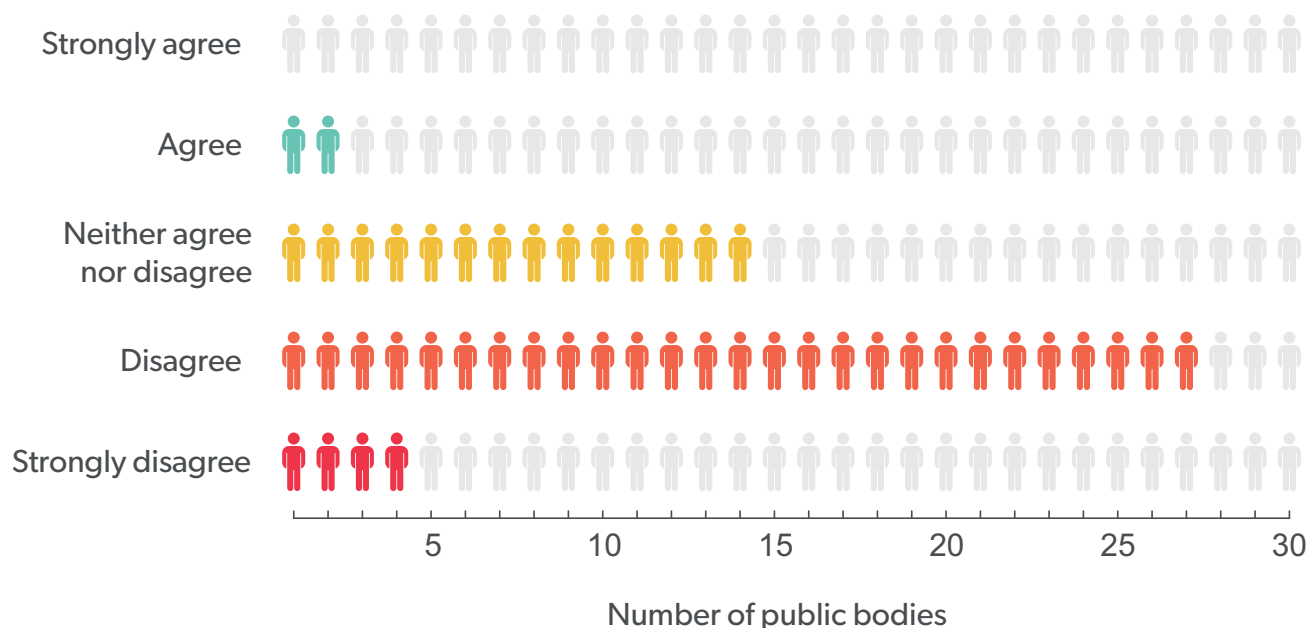
Source: Audit Wales call for evidence

**“ We are building
decarbonisation into the
clinical model ”**

Financial implications of decarbonisation

29 **Exhibit 10** shows that most public bodies have not fully assessed the financial implications of meeting the 2030 collective ambition. A few responses to the call for evidence included costings of specific recent or imminent projects but we did not see evidence of fully costed, long-term decarbonisation programmes. We are aware that some public bodies have since developed more detailed estimates for short to medium-term expenditure.

Exhibit 10: public bodies' responses to the statement, 'Our organisation has fully assessed the financial implications of meeting the 2030 carbon reduction targets'



Note: One public body did not respond to this question.

Source: Audit Wales call for evidence

30 In some cases, public bodies told us that they have not assessed the financial implications because they have not yet set out a clear set of actions and activities to achieve net zero. However, they were aware of the urgency and the need to increase the pace of implementing actions. Public bodies were very clear that decarbonisation at scale will require significant additional financial resources and that the absence of these funds will be a significant barrier to progress.

- 31 Public bodies need to plan their finances in such a way that they can deliver their decarbonisation strategies and action plans. This will require long-term planning because decarbonisation will need investment for many years. It will also require immediate expenditure because if the 2030 collective ambition is to be met, urgent action is essential. Public bodies told us significant long-term investment will be needed, particularly in relation to making their infrastructure fit for purpose to enable the decarbonisation of operations. However, public bodies expressed uncertainty over what additional funding would be available from the Welsh Government. They also pointed to the short-term nature of public sector funding and budget cycles making their longer-term financial planning more difficult.
- 32 The Welsh Government told us they are providing targeted funding for public bodies in certain areas but they also said they are unable to fund all activity required. The Welsh Government acknowledges that there will be additional costs in some areas and that funding will be provided to bridge some of those gaps, when moving to low carbon alternatives, for example, the increased cost of purchasing electric fleet rather than those powered by traditional fossil fuels. However, the Welsh Government said that as decarbonisation becomes increasingly mainstreamed into routine thinking, public bodies should not be focussed on additional funding, and they should move to a position where decarbonisation is funded through their existing budgets as a result of a strong business case.
- 33 **Exhibit 11** provides further examples of what public bodies told us in relation to the financial implications of decarbonisation.

Exhibit 11: some comments from public bodies about the financial implications of decarbonisation

- ‘The financial implications of decarbonisation have not been fully considered.’
- ‘We recognise that we have further work to do on this front.’
- ‘The council recognises that achieving its net zero ambition will have implications for its budget in the short and long term.’
- ‘Until the council formulates a detailed fully costed 2030 net zero delivery plan the council is unable to accurately assess the financial implications.’
- ‘It should be acknowledged that funding will be required to deliver the aim of net zero by 2030.’
- ‘There are no cost estimates for medium-term levels of expenditure.’
- ‘The cost of decarbonising our clinical operations has not been estimated.’

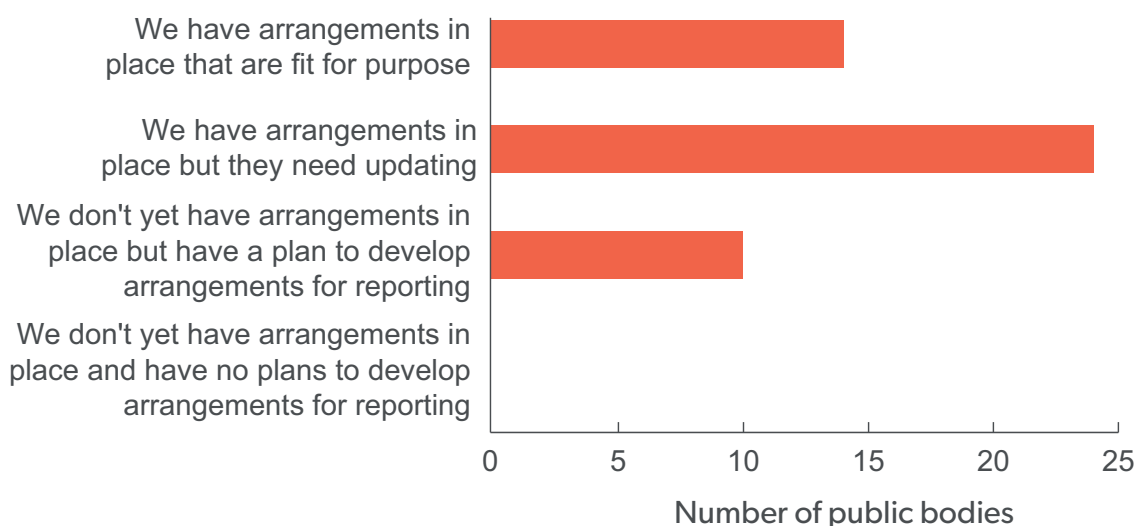
Source: Audit Wales call for evidence

“ The council recognises that achieving its net zero ambition will have implications for its budget in the short and long term ”

Reporting progress on decarbonisation

- 34 Public bodies need to understand where their emissions are coming from so they can check if they are making progress and prioritise their actions. We found that data issues are a major barrier to having a shared understanding of the problem and to taking strategic decisions about the solutions. **Exhibit 12** shows that 14 bodies indicated they had reporting arrangements that they felt were fit for purpose, 10 did not have arrangements in place, and 24 had arrangements that needed updating.

Exhibit 12: public bodies' responses to the question, 'Which of the following options best describes your organisation's arrangements for reporting on progress towards net zero carbon emissions?'



Source: Audit Wales call for evidence

- 35 Current monitoring and reporting tend to be done through reports or dashboards to cabinet, council, board, scrutiny committee or other groups. Some bodies report on decarbonisation as part of reporting progress on their corporate plans or wellbeing objectives. Some responses pointed to dedicated climate groups and other arrangements that have been set up specifically to monitor and report on decarbonisation activity.
- 36 Overall, the evidence suggests there is scope for improved reporting on decarbonisation. This finding aligns with [a blog we published in February 2022](#) that called for clearer information on climate change actions to be included in public bodies' financial statements, to ensure greater transparency and accountability.

- 37 The Welsh Government has published a common reporting methodology (see **paragraph 5**) for public bodies to report their emissions through the Welsh Public Sector Net Zero Reporting Guide and net zero reporting spreadsheet. The Welsh Government asked public bodies to submit the first data by October 2021 for the 2020-21 financial year.
- 38 In responses to our call for evidence, public bodies generally recognised the usefulness of having a common reporting methodology but found aspects of the submission challenging and highlighted problems with the data collection in October 2021. Some responses pointed to concerns over calculation methods, particularly regarding supply chain. In relation to supply chain emissions, public bodies pointed to the fact that the calculation is based on the cost of the contract rather than the actual emissions generated by the product or service procured. Public bodies also called for further clarity of definitions to ensure consistent interpretation and reporting. Some responses also noted that existing systems were not able to capture the required data, and had to be updated, or new systems had to be put into place. This was often time consuming and resource intensive.
- 39 Public bodies pointed to some other concerns about the common reporting methodology. Some respondents said the way in which emissions from land use is reported is too simplistic.
- 40 NHS bodies also raised concerns about duplication with already established reporting on carbon emissions such those required by the Estates and Facilities Performance Management System⁷. This created confusion in the first reporting year. NHS bodies wanted further clarity to avoid duplication between these reporting requirements.

7 The Estates and Facilities Performance Management System is a comprehensive set of estates and facilities data. The Welsh Government set up the system in 2002 to improve the management of the NHS estate. It allows NHS bodies to compare performance against other NHS bodies in Wales and England.

- 41 The Welsh Government recognises improvements are required in the existing reporting approach and has committed to learning from feedback and improving methods and systems where required. The Welsh Government commissioned consultants, to review the first submission of data from public bodies and, in June 2022, the Welsh Government published the consultancy report, Welsh Public Sector Net Zero: Baseline and recommendations in full. The report states that the figures include significant uncertainty, particularly in relation to supply chain emissions, which it said represented 87% of public sector emissions. Plus, the data has not been thoroughly audited. The figures also suggest emissions across Wales for the public sector reduced by 5% between 2019-20 and 2020-21.
- 42 As this is the first year of the reporting guide, it is a period of learning, and the calculation for reporting emissions will be further developed where required. Following feedback from public bodies, and the review of the data submissions from an external consultant, the Welsh Government published a revised reporting guide and tool in July 2022.
- 43 **Exhibit 13** provides examples of what public bodies told us in relation to the monitoring and reporting on decarbonisation.

Exhibit 13: some comments from public bodies about monitoring and reporting on decarbonisation

- ‘We followed the emissions reporting guidance as closely as possible.’
- ‘Two distinct areas need to be strengthened/clarified which are waste and supply chain.’
- ‘We appreciate the advantages of having a consistent format to aid our own and Welsh Government monitoring of progress.’
- ‘The supply chain emissions reporting method needs significant refinement in order to be considered accurate.’
- ‘Current data gathering and reporting functions require updating.’
- ‘We are developing the necessary reporting tools to meet the requirements of the Net Zero Carbon Reporting Guidance.’

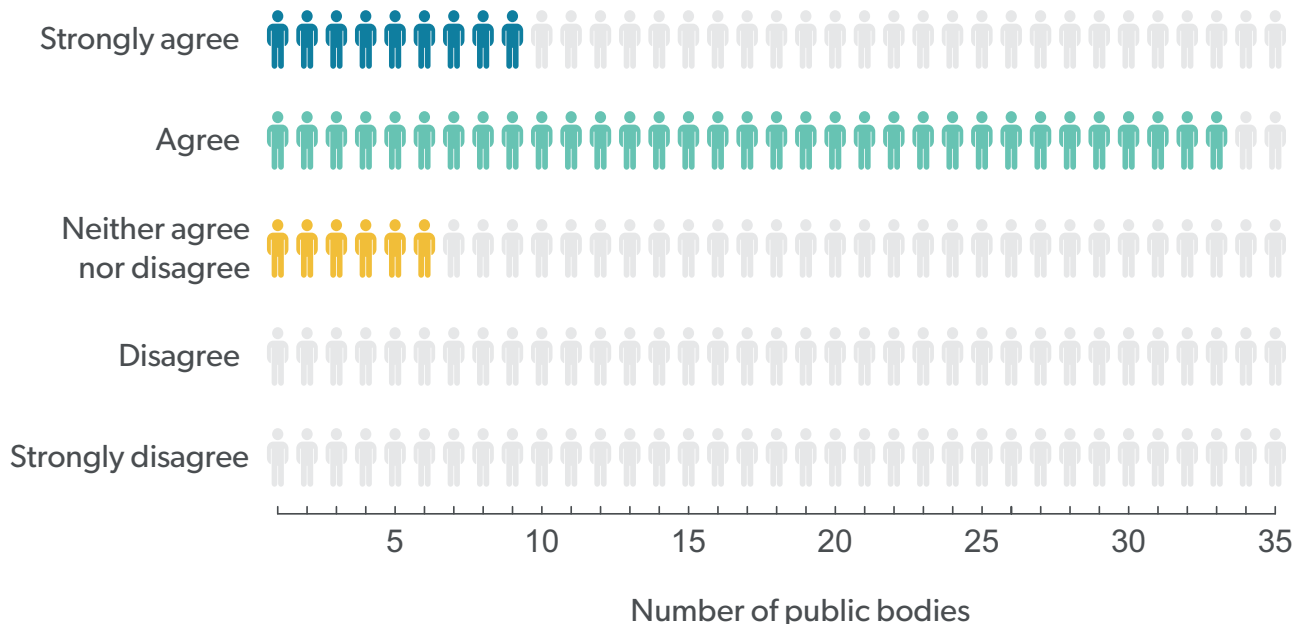
Source: Audit Wales call for evidence

“ We appreciate the advantages of having a consistent format to aid our own and Welsh Government monitoring of progress ”

Collaboration and engagement with other bodies, staff, and citizens

- 44 To support collaboration and engagement at a national level, the Welsh Government published Climate Change: Welsh Government Engagement Approach 2022-26 in June 2021. The document refers to a Team Wales approach, where everyone in Wales plays a role in collective action on climate change. The engagement approach has two key objectives:
- to generate timely and effective engagement of stakeholders on matters of climate change; and
 - to strengthen and grow the coalition of Team Wales to tackle the climate emergency.
- 45 **Exhibit 14** shows that public bodies feel they are working well with other organisations on decarbonisation. And **Exhibit 15** sets out comments made by public bodies about their collaborative efforts to date and aspirations for the future.

Exhibit 14: public bodies' responses to the statement, 'Our organisation is effectively collaborating with other bodies to achieve the 2030 carbon reduction targets'



Source: Audit Wales call for evidence

Exhibit 15: some comments from public bodies about collaboration

- ‘Through the public services board (PSB) we have established a Climate Emergency Board which comprises existing PSB members, but also additional organisations including utility providers and our local university.’
- ‘As part of our Well-being Plan work, we are currently working collaboratively with our partners and are in the early stages of developing a Climate Strategy for the city.’
- ‘We are working closely with public sector partners through the North Wales Regional Leadership Board. We participate in the North Wales Decarbonisation Advisory Group.’
- ‘We have completed an informal analysis of who we need to work with, but we have not yet completed a formal analysis of partners.’
- ‘Collaboration between NHS organisations has been low, though is changing through Welsh Government setting up a Climate Change Programme Board.’
- ‘We have multiple representatives on the Decarbonisation Action Plan: Community of Experts. This will share learning and good practice across the health boards in Wales.’
- ‘We feel that a formal Welsh public sector decarbonisation working group would address some of the challenges faced by serving communities covered by multiple local authority agencies.’

Source: Audit Wales call for evidence

“ We feel that a formal Welsh public sector decarbonisation working group would address some of the challenges ”

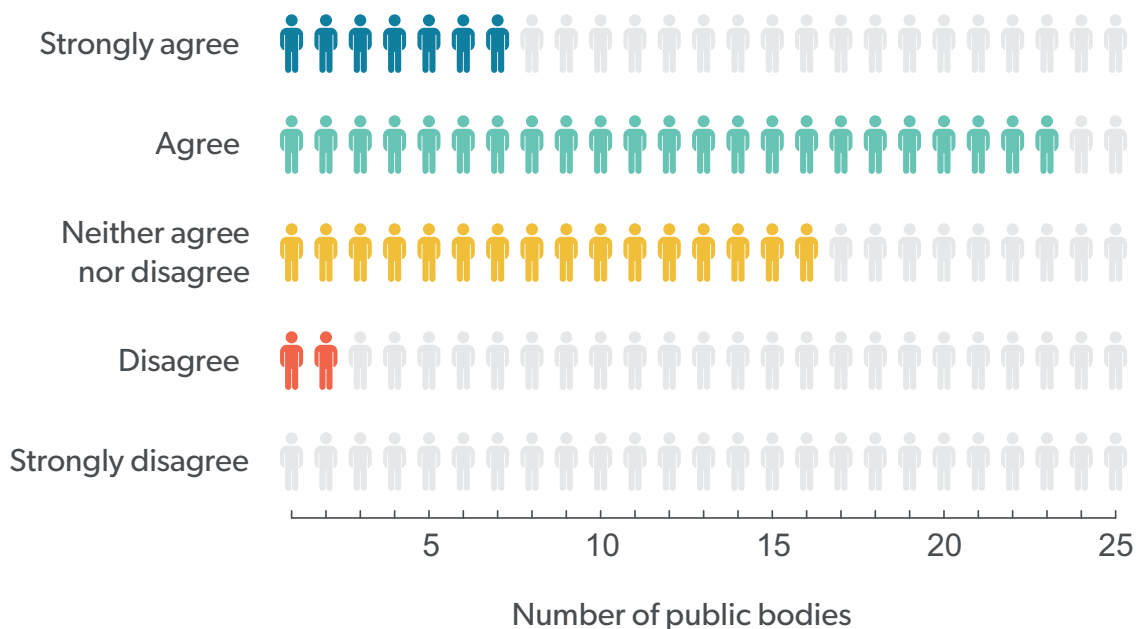
- 46 Some bodies have set up their own local collaborative arrangements for decarbonisation, whereas other bodies are collaborating through Welsh Government or Welsh Local Government Association convened arrangements or through statutory fora such as public services boards. A significant proportion of bodies had also involved external experts in their decarbonisation efforts, such as the Carbon Trust.
- 47 Smaller bodies, such as the national parks and Welsh Government sponsored bodies, told us they have been collaborating well with each other. They said that due to their size, they are somewhat reliant on external expertise and advice in relation to decarbonisation.
- 48 Some public bodies acknowledged that their focus to date had been on establishing internal structures, rather than on external collaboration. And notwithstanding the responses shown in **Exhibit 14**, many public bodies agreed that collaboration and engagement needed to be strengthened.
- 49 There is scope for stronger engagement and involvement with staff and the public. **Exhibit 16** shows mixed views from public bodies about the extent to which they are engaging and involving their staff. And **Exhibit 17** shows that only 15 of the 48 public bodies we contacted were confident that they were effectively engaging with the full diversity of the population. Some public bodies told us about engagement with the public through mechanisms such as online surveys, social media channels and community groups but they generally acknowledged that this engagement needs to improve. This is significant as both our 2019 report on [fuel poverty](#)⁸ and the Decarbonisation of Homes in Wales Advisory Group⁹ found there are some difficult trade-offs between social justice and carbon reduction goals. Engagement with the full diversity of the population should help public bodies in their efforts to make a just transition¹⁰ towards net zero carbon emissions.

8 Auditor General for Wales, Fuel Poverty, October 2019

9 Decarbonising Homes in Wales Advisory Group, [Better Homes, Better Wales, Better World: Decarbonising existing homes in Wales](#), July 2019

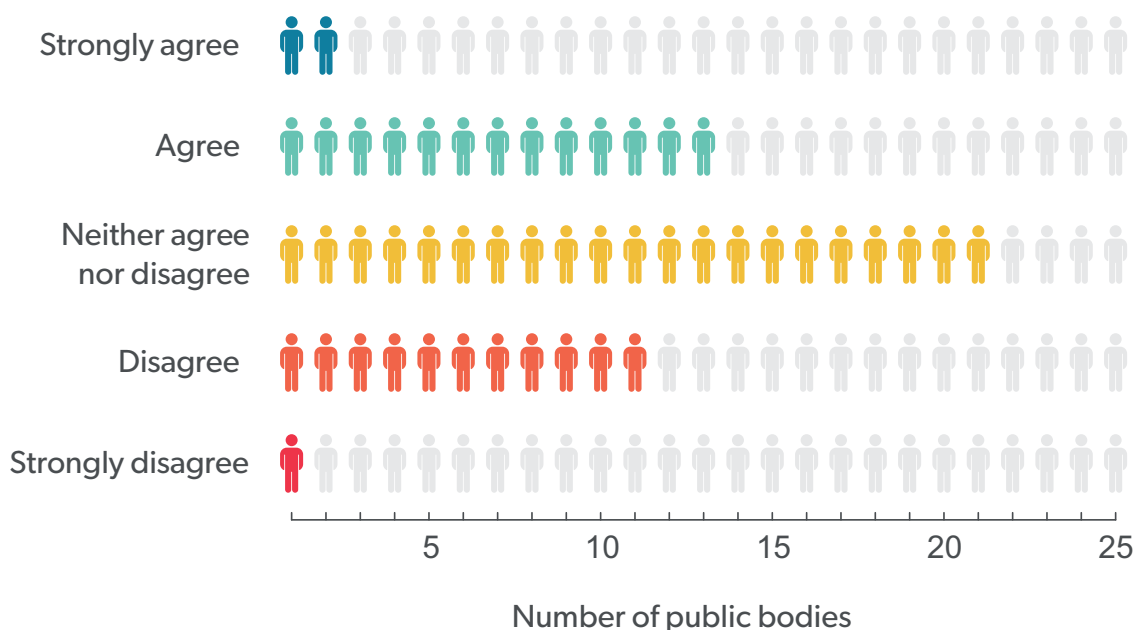
10 A 'just transition' means taking action on climate change and greening the economy in a way that is as fair and inclusive as possible to everyone concerned. Policy 1 in Net Zero Wales Carbon Budget 2 (2021-2025) sets out the Welsh Government's views on a just transition.

Exhibit 16: public bodies' responses to the statement, 'Our organisation is effectively engaging with and involving staff to achieve the 2030 carbon reduction targets'



Source: Audit Wales call for evidence

Exhibit 17: public bodies' responses to the statement, 'Our organisation is effectively engaging with the full diversity of our population to achieve the 2030 carbon reduction targets'



Source: Audit Wales call for evidence

Barriers, opportunities and interesting practices on decarbonisation

50 We asked public bodies about the barriers to achieving the 2030 collective ambition. **Exhibit 18** summarises the barriers they told us about that were largely common across the public sector, many of which are explored earlier in the report. One common theme was that decarbonisation is complex, requiring significant investment and that many of the easy wins had been achieved. However, public bodies were aware that the pace of activity needs to increase and there are reputational risks of not doing so.

Exhibit 18: summary of public bodies' views about barriers to meeting the 2030 collective ambition

Barriers

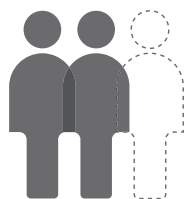
Finance



This was the most commonly mentioned barrier. Bodies pointed to the need for significant and sustained revenue and capital investment in the short and long term. They said there was a particular need for investment in improving infrastructure, estates, appliances and equipment that are not fit for carbon reduction.

These matters are discussed further in **paragraphs 29 to 33**.

Staff capacity and skills gaps



Public bodies told us existing staff capacity is stretched delivering public services. Decarbonisation is a complex area and public bodies feel they do not have the skills and expertise in this area. There is considerable competition for people with specialist expertise and knowledge.

Financial constraints make it difficult for some bodies to bring in additional staff. In addition, as the private sector can offer higher salaries, public bodies are at a disadvantage in attracting staff.

Understanding the activities required



Public bodies are still building an understanding of the specific activities that are needed to decarbonise and how these should be prioritised. Public bodies feel that they need additional support and guidance on how to translate the strategic approach into action.

Culture, education and training



Embedding decarbonisation in day-to-day activities can represent a significant cultural shift. Some public bodies told us that decarbonising is complex and it may be difficult to change longstanding approaches to delivery.

Some bodies said there is the potential for staff apathy to having to undertake additional decarbonisation activities on top of the day job. Significant communication with staff will be required to obtain buy in and extensive training will also be needed to upskill staff to deliver.

Technology and infrastructure



Many new technologies are expensive and public bodies are cautious about investing due the risks of the technology not being effective or becoming obsolete.

In other areas, such as the development of electric-powered ambulances and fire appliances, public bodies told us the technologies were not developing quickly enough and in some cases were prohibitively expensive.

There were also concerns about a lack of electric charging points and insufficient grid capacity to cope with the growing reliance on electricity.

Supply and demand issues are also a problem in relation to some new technologies, where technologies are sought-after but are limited in supply.

Data



Public bodies recognised the usefulness of having a common methodology for reporting carbon emissions. However, some responses pointed to concerns over calculation methods, particularly regarding supply chain and land use, and called for further clarity of definitions to ensure consistency.

Some responses noted that existing systems were not able to capture the required data, and had to be updated, or new systems had to be put into place. This was often time consuming and resource intensive. NHS bodies raised concerns about duplication with existing reporting arrangements on emissions.

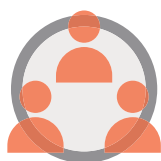
Joined-up approach



Some respondents told us that a wholesale change of thinking is required, with a more co-ordinated and joined-up approach across the public sector, driven by the Welsh Government.

One example given related to the assessment of new and emerging technologies. Public bodies were concerned about investing in technologies that were quickly superseded or were not best practice, so a single public sector-wide decision over what is best would help mitigate this risk.

Third parties



Third parties have a role to play in helping public bodies move towards the 2030 collective ambition. For example, emissions from partners in the procurement chain, and the high demand for limited specialist resources and newer technologies such as electric vehicles meaning they are often not available.

The Office of the Future Generations Commissioner for Wales has recommended previously that public bodies should set out clearly how they have considered the carbon impact of their procurement decisions¹¹.

Source: Audit Wales call for evidence

11 Office of the Future Generations Commissioner, [Procuring well-being in Wales](#), February 2021.

- 51 While public bodies identified a range of barriers to achieving the 2030 collective ambition, they also see some opportunities associated with decarbonisation (**Exhibit 19**) and shared with us some examples of interesting practices that they felt other bodies could potentially learn from (**Exhibit 20**).

Exhibit 19: some opportunities that public bodies told us about in relation to decarbonisation

Public bodies highlighted opportunities to:

- build on the profile of climate change from COP26 to take advantage of the raised public awareness and build relationships with local communities and other stakeholders;
- increase collaboration with other organisations, to share best practice in working towards decarbonisation and to develop local procurement approaches;
- increase the use of new and developing technologies, realise cost savings from renewable energies and consider the economic and job creation possibilities arising from new green industries;
- increase awareness of the urgency of decarbonisation with staff, executives, boards and members, and to revise governance and leadership arrangements to ensure decarbonisation is incorporated into everyday business and decision making; and
- build on flexible working practices that arose during the COVID-19 pandemic to further exploit digital technologies in service delivery and everyday working.

Source: Audit Wales call for evidence

Exhibit 20: some examples of interesting practices that other bodies could learn from

Cardiff and Vale University Health Board

The health board is involved in an initiative called Green Health Wales to build a community of healthcare professionals who can share experience with their colleagues across the country. Green Health Wales aims to empower the health and social care sector with the tools and knowledge to address the climate crisis.

The health board has not estimated the cost of net zero building infrastructure on the current estate configuration, however, specialists in 2021 estimated that in a new-build scenario of the University Hospital of Wales and the University Hospital Llandough, the cost of net zero building infrastructure could be between £89 million and £266 million.

Denbighshire County Council

The council established its cross-party Climate Change and Ecological Emergency Working Group after declaring the climate and ecological emergency. A key recommendation from the working group was to amend the council's constitution to include the need to have 'regard to tackle climate and ecological change' in the principles of decision making. The council has now formally committed to consider climate and ecological change when making all council decisions.

Swansea Bay University Health Board

The health board is developing a trajectory tool to measure the impact of different scenarios of financial input into decarbonisation measures. It will use the tool to monitor the efficacy of its decarbonisation measures.

A solar farm is directly connected to Morriston Hospital which supplies 30% of its electricity.

Blaenau Gwent County Borough Council

The council has been involved in establishing a mitigation steering group through the Blaenau Gwent Local Well-being Partnership, and residents' priorities have informed the group's work through the recommendations of the Blaenau Gwent Climate Assembly. The council, in its decarbonisation plan, has identified a number of transition pathways to follow in order to achieve net zero. Each transition pathway represents a coherent area of action with distinct, low carbon technologies, business models and infrastructure. These pathways have been developed to allow each to proceed at their own appropriate pace. Achievement of the pathways is supported by best practice readiness assessments adapted from tools developed by [Place-Based Climate Action Network](#) for [Leeds Climate Commission](#).

Rhondda Cynon Taf County Borough Council

The council has established a '[Let's Talk](#)' engagement website where members of the public can leave comments and ideas about a range of climate change matters.

Natural Resources Wales (NRW)

NRW's Carbon Positive Project, part funded by the Welsh Government to show leadership in how the public sector can measure and reduce its carbon impact, has informed the development of both the public sector route map and the net zero reporting guide. As part of the project, NRW is taking steps to not just reduce carbon emissions but enhance and protect carbon stored on the land it manages and share its experiences to encourage further decarbonisation in Wales.

Neath Port Talbot Council

The council is collaborating with a private company that specialises in the re-use of waste gases from industrial processes to enable conversion into biofuels. The plan is to deliver a pilot project within Neath Port Talbot which will utilise waste gases from the steel industry. It is anticipated that once fully operational, the plant will generate 30 million gallons of biofuels for use in the aviation industry each year.

The council's Lost Peatlands Project seeks to restore more than 540 hectares of historic landscape and habitat, including peat bogs and pools, heathland, grassland and native woodland.

Numerous public bodies

Several organisations gave us examples of:

- using the new construction or redevelopment of facilities to significantly improve their carbon footprint;
 - procurement of low emission vehicles;
 - installation of electric vehicle charging points;
 - renewable energy generation on site;
 - development of operational staff networks; and
 - installation of energy efficient heating and lighting systems.
-

Source: Audit Wales call for evidence



Appendices

1 Audit approach and methods

1 Audit approach and methods

In November 2021, we issued a call for evidence to 48 public bodies, asking questions about their baseline position in achieving the 2030 collective ambition. Most public bodies responded in the period December 2021 to January 2022. We sent the call for evidence to the bodies covered by the Well-being of Future Generations (Wales) Act 2015 at the time. This included all principal councils, fire and rescue authorities, national park authorities, health boards and NHS trusts, and the larger Welsh Government sponsored bodies.

We also sent the call for evidence to the Welsh Ambulance Services NHS Trust, Digital Health and Care Wales, and Health Education and Improvement Wales to ensure we had a more complete picture across the NHS. We also sent the call for evidence to NHS Wales Shared Services Partnership (NWSSP), which is an independent mutual organisation, owned and directed by NHS Wales, that delivers a range of services for and on behalf of NHS Wales. NWSSP is hosted by and operates under the legal framework of Velindre University NHS Trust, which is itself covered by the Well-being of Future Generations (Wales) Act 2015.

We received responses from all bodies that were sent the call for evidence although in a small number of instances not all questions were answered. Where questions were not answered by all public bodies, this is set out in a note to each relevant graph.

To inform our work we held discussions with relevant stakeholders including the Welsh Government, the Office of the Future Generations Commissioner for Wales, representatives of NHS Wales and the Welsh Local Government Association. We also reviewed key documents, including policies and guidance, and other relevant information provided to us by the Welsh Government and other stakeholders.

We did not undertake a detailed review at each of the public bodies. While we have largely relied on what they reported through their call for evidence responses and any supporting documentation, we have also sought to triangulate our findings through discussions with stakeholders and evidence from our wider document and data review. We also shared and discussed our emerging findings at a public webinar held in May 2022. 109 people from outside Audit Wales attended the webinar, representing a range of public, private and third sector organisations.

As stated earlier in this report, the Auditor General has committed to a long-term programme of work on climate change. We have already reported on the decarbonisation efforts of fire and rescue authorities, we have begun to review council decarbonisation action plans and we are preparing a report on flood risk management. Following a recent consultation on our future work programme, we are considering our next steps in relation to auditing actions to decarbonise and to adapt to the changes already happening to our climate.



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Climate Change Health Check

Isle of Anglesey County Council



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Introduction

Carbon Net Zero Targets and the Paris Agreement Treaty on climate change have focused efforts and views globally on our current trajectory towards more than two degrees Celsius of warming. The Climate Change Health Check conducted at Isle of Anglesey County Council (with the support of the IoACC Climate Change Manager and the Internal Audit and Risk Management Team) has been undertaken to gain a better understanding of the key risk exposures and areas where improvements are needed in supporting and achieving net zero by 2030. This report provides insight into the current strategies, plans and actions; it is not intended as a technical assessment of the current plans. Some of the strategies are currently being set / influenced at Welsh Government levels and the report recognises that both funding and plans are subject to external influences outside the direct control of the Council.

The assessment is based on document analysis, interviews with key personnel and workplace observation with performance assessed against seven key enabling categories:

Culture and approaches within the organisation

Financing Climate Change and Sustainability

Governance

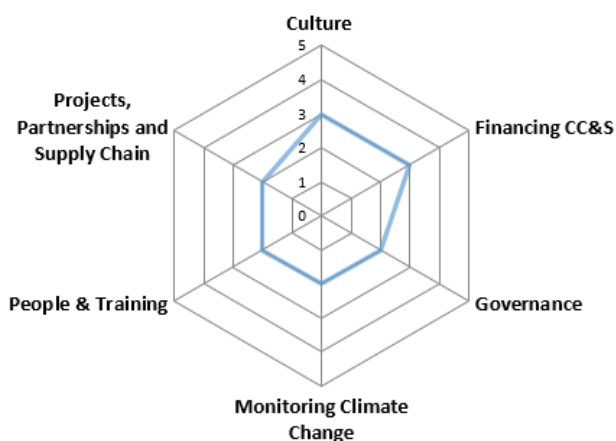
Monitoring – Targets and KPIs

People and Training

Projects, Partners and Supply Chain

Each enabler is rated against a maturity scale and an overall Organisational assessment is provided. Any gaps or best practice within peer group will also be highlighted. The scale used to assess each area:

Fragmented (Score 1)	Organisations where there is recognition of the importance of climate change action but there is a lack of awareness and consistency of a cohesive approach / mitigating actions	
In Development (Score 2)	Organisations where there is evidence of an action plan but while the climate risks are better understood these organisations have yet to put cohesive actions in place.	✓
Managed (Score 3)	Organisations where there is a good understanding of climate change & sustainability risks and defined policies and procedures exist. Controls and action plans are in place but there are likely to be inconsistencies in how these are applied across the organisation	✓
Integrated (Score 4)	Organisations where climate change plans are embedded and consistently applied across the organisation. Such organisations seek to continually improve their processes and controls to limit their environmental impacts.	
Transformational (Score 5)	Organisations where climate change and sustainability are viewed as a strategic priority and the use of effective mitigation actions and wider community / business is leveraged to drive a co-ordinated approach to mitigate environmental damage and impacts.	



Category	Organisation	Score
Culture	Level 3 - Managed	3
Financing CC&S	Level 3 - Managed	3
Governance	Level 2 - In Development	2
Monitoring Climate Change	Level 2 - In Development	2
People & Training	Level 2 - In Development	2
Projects, Partnerships and Supply Chain	Level 2 - In Development	2

Executive summary

A health check has been completed on the Climate Change action / mitigation strategies and planning at Isle of Anglesey County Council. The scope of the exercise was to consider the suitability and completeness of the current action plans, related governance and oversight aligned to the Climate Change Manager role created at the Council.

2030 Net Zero target achievement may well not be possible in all areas of the Council but there is strong evidence of a significant portfolio of net zero aligned work / programmes already in place. Overall, the Council has a very strong foundation on which to move forwards in achieving its net zero targets across key strategic areas. Plans are maturing and the Climate Change Manager role will be a key enabler in ensuring this activity is on track and managed in line with budget.

In summary, the climate health check has identified many positive features in the Council's current climate change / net zero action plans and arrangements. The recommendations made in this report will build upon the work already undertaken and will help deliver a more cohesive, connected view across the Council. There are currently too many initiatives / projects siloed within services that need to be fully visible and centrally monitored against agreed targets. This will need its own governance and oversight to ensure the net zero ambitions at the Council are realised and achieved. Three key areas were identified:

Governance	Creation of a dedicated point for assurance and oversight of all net zero projects and initiatives. The scope should include long term planning and visibility over financing, resources and key milestones towards 2030.
Staff Recruitment / Retention - skills & knowledge	Gap analysis on key role dependencies and areas where skills are in demand or short supply
Carbon Literacy Training	Changing culture, mindsets and understanding of carbon literacy and the Council's net carbon zero journey amongst colleagues internally and wider externally.

Additionally, the key findings are:

- There already a comprehensive programme of planned work across a number of services at IoACC. The appointment of a dedicated Climate Change Manager also demonstrates the importance the Council places on becoming net zero by 2030.
- A Towards Net Zero Action Plan has also been to and agreed by the Executive and full Council, with the interviews demonstrating that some services are further along with regards to putting plans into implementation stage. Equally, there were pockets where climate action / green agenda were still at rudimentary stages. For example, long term contracts released to tender / or let without including aims to decarbonise, manage or monitor emissions
- The Climate Change Manager has a key role in identifying, mapping and monitoring all key climate related activity in order to build a comprehensive lens across the Council.
- This mapping / overarching plan should also incorporate some key deliverables such as time, resources, people, cost and impact towards net zero. This activity has already commenced, and the Climate Change Manager is fully aware of the need to also check / challenge on some of the timelines and costs to the Council.
- It would also be prudent to undertake a stakeholder mapping exercise and build in metrics and targets aligned towards achieving net zero targets, for example, including additional steps to deliver decarbonisation and establish carbon emissions monitoring arrangements within established contracts. This should also include the larger players such as Welsh Government (WG) and North Wales Ambition, albeit cognisant that these organisations are delivering change programmes at a national and regional rather than local level.

- Observations and findings

We have worked closely with the Internal Audit & Risk Management team and the Climate Change Manager in developing the scope of the Climate Change Health check. The sponsors and Zurich would like to thank all participants in the interview stages for their time, subject matter knowledge and input towards this project.

It is acknowledged that the Council has appointed a dedicated Climate Change Manager to support its net zero transition. This role sits within the corporate level of the organisation accountable to the Deputy and Chief Executive. This role is becoming more commonplace in Local Authorities across the country (UK & Wales).

As part of the first stage of the project, current and existing documentation linked to Towards Net Zero were reviewed and were found to be sufficiently detailed and were structured in their approach. It was also pleasing to see that Climate Action Failure / Towards Net Zero was also a formal risk recorded on the strategic risk register of the Council. Specialist resource knowledge and skills in the environmental and ecological areas are in short supply and it is commendable that IoACC has put in place a number of apprenticeship roles aimed at upskilling in multi-disciplined areas across the Council. This is an effective and efficient way of building specialist skills and succession planning to ensure continuity of delivery from key person dependencies.

The second part of the project involved interviewing 18 Executives / Senior Leadership / Heads of Service, Managers and budget holders in determining the maturity of action plans and current thinking in delivering net zero by 2030. The Chief Executive was keen to understand the culture within the organisation and all those interviewed demonstrated a clear understanding of the net zero agenda and the challenges facing their area of the Council. Another potential area for improvement would be widening the level of visibility and knowledge across the whole Council and Elected Members on what this cohesive journey towards net zero entails. Additionally, a feasibility assessment of whether the target date is achievable based on current data should also be considered.

There are some significant infrastructure challenges facing the Island regarding climate mitigation and reaching net zero carbon; a large proportion of the population are still reliant on fossil fuels with mains supplies limited. The Council is however supporting some innovative and ambitious alternative energy production projects included within, supported or facilitated by the Energy Island programme. Whilst these projects will deliver green energy supplies at a national level it would be prudent to explore whether the local supply situation could be improved and fossil fuel usage dramatically reduced or removed across Anglesey.

Whilst the Island is looking to provide an EV charging network, it is still in planning stages. Yet most of the population will not be able to access or afford EV vehicles at this stage in the transition process. The Council is working strategically to ensure EV charge points are available and will be displaying dual language capability. The Fleet Manager at the Council is also aware of the fleet transition challenges with lead times for EV vehicles around 12-18 months. There are also logistical problems to overcome in terms of Council vehicles particularly where vehicles are taken home overnight to meet scheduled next day appointments. This would require home charging points to ensure EV vehicles were sufficiently charged, prior to undertaking field work.

There is strong evidence of mature plans and approaches across several key services; Planning Built & Natural Environment and Refuse and Recycling being prime examples. Historically recycling across IoACC has been extremely successful; in recent years, the challenge remains as to how nationally set targets can be attained and improved upon. The Council was also one of the first in the UK to trial an EV Waste Collection vehicle which proved successful but each unit costs in excess of £500K. A progressive transition from fossil fuel to electric or other alternatives for fleet / waste management may require a revision of implementation dates due to a number of external factors outside the Council's control such as shortage of computer chips, lithium shortages and demand.

Recommendations

We acknowledge the need to operate within the existing political frameworks. We also believe it may be necessary to challenge internal / external stakeholders' thinking where there are opportunities to be innovative and be creative in relation to achieving net zero targets. To do this responsibly, the Council will need to always ensure that it does not overexpose itself to excessive financial and strategic risks whilst trying to achieve net zero.

Whilst many of the targets have been set nationally, the Council should also consider developing and adopting its own set of internal metrics and benchmarks aligned to climate change / net zero. These should be smart, measurable and realistic. Indeed, the interviews suggested that for some services, achievement of net zero by 2030 may not be possible given the current position or a reliance on external stakeholders and funding.

The following set of recommendations should be considered by the Council. There are several suggested steps which could help the organisation embed a robust risk management and governance process in its journey towards net zero.

Recommended Actions

Culture - culture and approaches within the organisation

Climate Change Awareness (External) – consideration should be given as to how the journey towards net zero is communicated internal and externally. A Communications Plan is currently included as a project in the 2022/23 Net Zero Action Plan. There is a potential reputational risk in a lack of transparency and visibility whilst balancing public opinion and perception in achieving objectives.

Removal of Silos and Identification of Joint Opportunities. Identify any joint opportunities in existing net zero programmes or projects to maximise benefits and opportunities – for example, clean air monitoring stations could be added to all schools' weather monitoring equipment to increase the scale and scope of clean air monitoring.

Financing climate change and sustainability

Financing – IoACC Director of Function (Resources) and Section 151 Officer and Climate Change Manager to initially undertake a detailed review of all planned net zero / climate mitigation related activity including an assessment of time, cost, people, resource and overall carbon reduction realisations, followed by a review of the long-term financial plan identifying investments and key financial decisions (contract opportunities, capital projects) and milestones towards the 2030 target.

Financing – Existing assets, buildings and schools' retrofitting to achieve or attain net zero. Building on previous retrofitting success, Property Services to develop a long-term detailed plan of how all assets will / could be converted to net zero by 2030. It is acknowledged that some assets may have already passed the point of economic viability to retrofit, these have already been identified within the asset portfolio. There is also the financial funding aspect to consider as part of this detailed evaluation exercise.

Future Investment strategies – IoACC operates a traditional approach to financial investment management, there are an increasing number of sustainable development investment opportunities linked to decarbonisation, climate change and biodiversity. It may be worth in future considering whether these investment opportunities offer an alternative to the Council aligned to its own sustainability goals.

Monitoring

Wellbeing of Future Generations Act 2015 – revisions of the Corporate Plan / Towards Net Zero plan should align and encompass the Wellbeing of Future Generations Act 2015.

Clean Air Monitoring – there are currently a set number of clean air monitoring stations located across Anglesey. Weather monitoring stations are located at all schools across the Island, and this may present an opportunity to increase clean air monitoring capacity using existing school locations. Climate Change manager to explore potential to expand scope to consider viability include automated air monitoring systems to provide real time information.

People & Training

Resources – specialist climate related professionals and skills and knowledge in key service areas is in short supply or not currently funded whilst the introduction of apprenticeship roles has supported the gaps. The Council should evaluate whether the current workforce model will be sufficient to deliver the planned net zero changes. A lack of resource and capacity was cited as a potential barrier to achievement across all service interviews, e.g. No ecologist in post for 7-8 months – recently appointed to role.

Training & Awareness – once a comprehensive mapping of all planned "towards net zero" activity has been documented the Climate Change Manager should issue regular communications to all staff, officers and elected members of progress against delivery schedules / timelines and completion trajectories. This should feature as part of the wider Carbon Literacy Training included within the Executive Summary.

Projects, partners & supply chain

Contracts / Suppliers – it is recommended that all existing, at point of renewal or new contracts are checked and aligned to meet or progress towards internal targets for climate change and net zero aspirations. Where these aspects or metrics have not been captured or considered, the Climate Change Manager should be made aware of contract expiry dates and have input / oversight of potential climate change / net zero solutions proposed or agreed with third parties. Working with the Corporate Procurement Manager, the Climate Change Manager can identify a potential road map for identifying and reducing emissions from purchased goods and services / engagement across the Councils supply chain.

Appendix A - Interviewees

Category	Name	Role
Officer Responsible for Environment	Christian Branch	Head of Regulation & Economic Development
Officer Responsible for Audit	Marion A. Pryor	Head of Audit and Risk
2 x Directorate Heads / Service Managers (with responsibility for risk or climate reporting)	Marc Jones Huw Percy	Director of Function (Resources) & Section 151 Officer Head of Service, Highways, Waste and Property
Senior Finance representative	Marc Jones	Director of Function (Resources) & Section 151 Officer
Any other roles which play a key part in climate change management	Rhys A Williams	Climate Change Manager
Executive sponsor for Climate Change	Dylan Williams	Chief Executive
Fleet Management - vehicle plan	Gareth Owens	Fleet & Transport Manager
Public Transport / Schools - Arriva franchise local licences on some routes	Iwan Cadwaladr	Senior Transport Officer
Public Transport / Buses - Arriva franchise buses / bus routes - local licences on some routes		
Refuse Collection - contracted out to another organisation	Meirion P. Edwards Elin Owen	Chief Waste Management Officer Principle Waste Management Officer
Environment - Clean Air	Trystan Owen	Environmental Health Manager > Chief Public Protection Officer (from 1st April)
Bio-diversity	John Williams	Planning Built and Natural Environment Manager
Countryside Management	Gwenllian D. Owen Alun Owen	Visitor Economy and Coastal Areas Manager
Building Management - Assets; PV	T. Dylan Edwards	Principal Valuations Officer
Infrastructure on the Island - charging network strategy - approved plan	Dylan Llewelyn Jones	Senior Engineer (Strategic & Sustainable Transport)
Energy Island Programme	Angharad Crump	Energy Island Programme Delivery Manager

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Dear Dylan

Isle of Anglesey County Council – Decarbonisation Progress Update

The Council has a vision for its decarbonisation ambition but is at an early stage of its journey. It will need to develop a better understanding of its carbon footprint, the carbon impact and cost of its proposed actions, and funding to help achieve its vision of being net zero by 2030.

Context

In July 2022, the Auditor General published Public Sector readiness for Net Zero Carbon by 2030, which looked at decarbonisation actions in 48 public bodies, including all councils. This report found uncertainty that the collective ambition for a net zero public sector by 2030 will be met. Our work identified significant, common barriers to progress that public bodies must collectively address to meet the collective ambition. We found that while public bodies are demonstrating commitment to carbon reduction, they must now significantly ramp up their activities, increase collaboration and place decarbonisation at the heart of their day-to-day operations and decisions.

In the report, the Auditor General makes the following five calls for action from public bodies:

- Strengthen your leadership and demonstrate your collective responsibility through effective collaboration;
- Clarify your strategic direction and increase your pace of implementation;
- Get to grips with the finances you need;
- Know your skills gaps and increase your capacity; and
- Improve data quality and monitoring to support your decision making.

The following paragraphs set out the findings of our local audit work on the Council's decarbonisation action plan. These findings sit within the wider context of the Auditor General's July 2022 report that calls for increased pace and stronger leadership across Wales in reducing carbon emissions.

What we looked at:

We undertook an assessment of the Council's arrangements to develop and deliver their Decarbonisation Plan. We gathered evidence through interview, document reviews and the Council's returned Call for Evidence for the Decarbonisation Baseline Review.

What we found:

In September 2020 the Council declared a Climate Emergency and a commitment to "modernise and adapt to become a net zero Council by 2030". This was followed in March 2021 with a commitment from the Executive to deliver a Climate Change Programme as stated in its Towards Net Zero Plan adopted by the Council in March 2022. The current Council Plan 2017-2022 has a key priority to "Work in partnership with our communities to ensure that they can cope effectively with change and developments whilst protecting our natural environment" which encompasses the decarbonisation agenda. However, the Council recognises there needs to be a much clearer alignment between the next iteration of the Council Plan, due to be published in the Autumn of 2022, and its Towards Net Zero Plan. The Council recognises that it is at the initial stage of its journey towards net zero by 2030.

The Council told us that the five ways of working, and the sustainable development principle are integrated into all of its decision making and that these areas would be considered for each of the individual projects within its Towards Net Zero Plan.

However, whilst the Plan was the subject of an impact assessment which included some consideration of these areas, a more detailed consideration of how the Plan is using the five ways of working to apply the sustainable development principle would strengthen arrangements.

The Council currently collects data on carbon emissions from several sources, however it needs a more comprehensive understanding of its carbon footprint to enable it to prioritise the proposed actions and interventions based on their financial and carbon impacts over the short, medium and long-term. The Council has told us that as part of its wider corporate project to improving the centralisation of data collection, it intends to refine how it defines and measures its carbon footprint and centralise the carbon data collection process during 2022-23.

The Towards Net Zero plan recognises the importance of governance, monitoring and review and has identified this as one of its five themes in the plan. However, governance, monitoring and review arrangements around the council's progress towards Net Zero is still at an early stage of development. At the time of our work the Net Zero Programme Board had not yet met. Whilst the Plan identifies key actions around governance, monitoring and review, no specific timescales have been agreed for when these important steps will have been completed. It will be important for the Council to put these key actions in place as quickly as possible to ensure it effectively manages its progress towards net zero.

The Council's current Scorecard Monitoring Report and its latest Annual Performance Report (2021/22) contain a small number of metrics on Carbon emissions. Whilst the Council measures some emissions data and has reported these to Welsh Government for 2019-20 and 2021-22, it is still developing its approach to collecting and publicly reporting on its progress around carbon reduction.

The development of the Council's Towards Net Zero Plan has not been directly informed by engagement or consultation with citizens. However, the Council told us that it intends to engage on this area as part of the proposed engagement on the new Council Plan. Having a clear understanding of citizens and wider stakeholders' perspectives and how they can support the Council will be an important stage in building a shared vision for its net zero ambitions.

In developing its Towards Net Zero Plan the Council engaged with other Councils, as well as the Welsh Local Government Association and the North Wales Economic Ambition Board. Whilst there are examples of collaborations around decarbonisation such as the “Energy Island Programme” the Council needs to continue to explore opportunities to work in partnership with other stakeholders if it is to deliver its vision of being net zero by 2030.

The Council has previously invested in several initiatives to support its Net Zero plans the most significant of these is the £2.6m in its Energy Efficiency Refit scheme and the Welsh Government funding for the new water and air source heating for its main council offices. The Council has also allocated a small revenue budget for climate change and invested in a new Climate Change Programme Manager. In addition to this the Council has allocated a further £200k for specific capital projects in 2021/22 with a further £300k in reserves for decarbonisation projects. However, it recognises the investment challenges for low carbon technology and that the resources currently earmarked for this area will not be sufficient to meet the Net Zero 2030 target. There is therefore a significant risk that the Council will not meet the net zero emissions target by 2030. If the Council is to meet this challenging target, it will need to ensure its Corporate Plan and Capital Strategy fully reflect the how it proposes to fund its low carbon projects and initiatives.

Recommendations

Exhibit 1: recommendations

The table below sets out the recommendations that we have identified following this review

Recommendations	
R1	<p>The Council should ensure that the high-level actions in its decarbonisation plan are:</p> <ul style="list-style-type: none">• prioritised based on clear criteria, including carbon and financial impact;• aligned with its Medium-Term Financial Strategy and Capital Programme; and• integrated into business plans.

Recommendations

- R2 The Council should develop a robust set of metrics to measure and report progress on its decarbonisation journey.

Yours sincerely

Alan Hughes

Audit Lead