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Dear Eifion

Assurance and Risk Assessment Progress Update – Carbon Reduction

Following on from our meetings earlier this year, we said that we would more formally feed back on some specific aspects of our assurance and risk assessment work that we have undertaken. This letter provides a progress update on the Council's arrangements for carbon reduction.

This work was undertaken as part of our 2021-22 Assurance and Risk Assessment (ARA) project to help discharge the Auditor General's duties¹.

¹ These duties include under section 17 of the Public Audit (Wales) Act 2004 (the 2004 Act). It may also inform a study for improving value for money under section 41 of the 2004 Act, and/or an examination undertaken by the Auditor General under section 15 of the Well-being of Future Generations (Wales) Act 2015.

This feedback provides a point in time assurance and risk progress update on the Council's arrangements in this area. Overall, we found that:

- the Council has a long track record of prioritising the carbon management agenda and has strong member and officer support for this agenda, but its action plan for reducing carbon emissions is not costed and does not identify the funding required to deliver all the activity within it.

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 Climate Emergency and Action Plan between May and August 2022. We gathered evidence through interview, document reviews and the Council's returned Call for Evidence for the Decarbonisation Baseline Review.

What we found

The Council has a long track record of prioritising the carbon management agenda. The Council's draft 2022-2027 Corporate Strategy will be the third iteration of this document that includes carbon reduction as a prominent part of the Council's priorities.

'Achieving Net Zero Carbon by 2030' is the Council's Action Plan for reducing carbon emissions and provides a comprehensive narrative for strategic activity across all service areas along with a performance management and reporting process. Currently the Council has not costed this plan. Without a costed action plan that clearly defines the activity and funding required to reach net zero, and is aligned to the Medium Term Financial Plan, there is a significant risk that the Council will not meet the Welsh Government target of net zero emissions by 2030.

The Council has a range of strategic and operational plans that bring together its ambitions to reduce carbon emissions in a coordinated way. The Council's 2017-2022 Corporate Strategy contains a corporate priority of 'Promoting Environmental and Community Resilience' that includes a number of actions around reducing carbon emissions that have been achieved. The Council's 2021-22 to 2029-30 Net Zero Action Plan contains a detailed baseline assessment of annual operational emissions and an outline approach to achieving net zero by 2030. The Action Plan shows three clear phases of activity – Response, Transition and Activity – and a list of actions arranged by service areas.

At Cabinet level, there is strong Councillor support for this agenda and there is also a clear reporting and scrutiny process for it. Cabinet responsibility sits within the Highways, Environmental Services and Carbon Management portfolio. The Cabinet lead for this agenda chairs the cross-party Carbon Management and Climate Control group. This group meets bi-monthly and reports back to the Thriving Communities Overview and Scrutiny Committee and to full Council.

Responsibility for the agenda at a corporate officer level is being moved from the Corporate Lead Officer level up to Director and Chief Executive level. This reflects the increased status the Council is giving to this agenda, and recognition of its cross-cutting nature.

As part of its Net Zero Action Plan, the Council reports annually on its progress. This reporting includes an update of emissions data and a review of spend and activity across a range of council services. The last progress report presented to the Thriving Communities Overview and Scrutiny Committee was in November 2021.

The Council’s Carbon Management Plan includes a number of targets and Key Performance Indicators, against which progress is reported on an annual basis to the Corporate Management Team.

The Council has officers who are knowledgeable and engaged with the agenda and there is a strong corporate appetite to develop more projects that will reduce emissions. This includes the post of an Energy and Carbon Reduction Programme Manager, but otherwise there is limited internal capacity to coordinate and manage this work.

The Council recognises the significant risks around climate change and carbon emissions, and that it has a part to play in reducing this risk. This is reflected in its Corporate Risk Register, where it acknowledges that additional capacity and resources are required to deliver against its net zero targets.

Recommendations

Exhibit 1: recommendations

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

Recommendations	
R1	In order to meet its net zero ambition the Council needs to fully cost its action plan and ensure that it is aligned with its Medium Term Financial Plan.

Yours sincerely,

Audit Wales