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Dear Will

Assurance and Risk Assessment Progress Update – Carbon Reduction

Following on from our meetings earlier this year we said that we would more formally feedback 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 is undertaking a wide range of activity to reduce its carbon emissions and has a plan to reduce them further. However, the plan is not costed and the Council has not identified the funding required to ensure that its ambitions are achievable

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 declared a Climate Emergency in May 2019, when it also committed to make the council net zero by 2030 in line with Welsh Government policy and to produce a clear plan to achieve this aim. The Council published this action plan as part of a consultation exercise in February 2022.

Although the Council has a Net Zero Action Plan, this plan is not costed. 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.

In addition to the Council's Net Zero Action Plan, other departments also have carbon reduction plans. The Council's Net Zero Action Plan includes a strong partnership approach and a desire for external partners, including members of the Public Services Board, to commit to reducing their carbon emissions as well. This partnership approach is articulated clearly in the Council's Net Zero Action Plan, which outlines links with the Swansea Bay City Deal, the South Wales Industrial Cluster, the Milford Haven Energy Kingdom project, and a range of private and community-based groups.

The Net Zero Action Plan also utilises the Welsh Government route map and outlines its own strategic 'Journey to net zero' in three distinct phases (2021-22, 2022-26 and 2026-30) with aims against five corporate areas of activity: buildings, mobility and transport, procurement, land use, and governance and energy planning.

The Council's Corporate Risk Register notes that the Pembrokeshire economy is '...highly vulnerable in terms of impacts from energy sector decarbonisation trends.' The register also has an identified risk entitled 'UK Energy Capital', which includes the risk and opportunity of decarbonisation. Measures to mitigate this risk include delivery of the 2030 Net Zero Carbon Action Plan.

At the time of writing, the Council was developing its internal structure and resourcing to support carbon reduction work. It currently relies on knowledgeable and

experienced staff in existing roles to coordinate carbon reduction work and has plans to recruit to a new role that will provide additional resource. The Council told us that the recruitment and retention of staff in this area of work has been impacted by higher salaries being offered in other sectors and organisations.

The Net Zero Action Plan contains 38 actions, all of which have a lead officer(s) assigned and a timeline for completion. Comprehensive reports are presented to the Services Overview and Scrutiny Committee, full Council and other appropriate audiences. These monitoring arrangements are strong and the Council also has plans to extend this process.

The Council plans to develop its external communication, including website content, to support its work in this area. The aim is to engage the public and encourage external partners to join the Council in reducing their emissions.

Recommendation

Exhibit 1: recommendation

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

Recommendation
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