Archwilio Cymru
Audit Wales

Zeroing in?

Follow-up on public sector decarbonisation

November 2026



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Audit snapshot

What we looked at

1 In 2017, the Welsh Government announced its intention to achieve a carbon neutral public sector by 2030. In 2021, the Welsh Government more formally established a collective ambition for a net zero public sector by 2030.

2 We reported on progress in 2022 and found ‘clear uncertainty’ that public bodies would achieve the collective ambition. We made five calls for action. These were around leadership, strategic direction, data, finances, and skills.

3 This latest report takes a high-level look at what has happened since 2022. We have not examined public bodies’ approaches in detail or their spending decisions.

Why this is important

4 Climate change is one of the world’s defining challenges, and the Welsh Government declared a climate emergency in Wales in 2019. A crucial way to mitigate the impacts of climate change is to reduce carbon emissions.

5 The Secretary-General of the United Nations recently warned that the world’s efforts to reduce carbon emissions are dangerously off track. The public sector can lead by example in reducing emissions and being a catalyst for wider changes in the economy and society.

What we have found

6 It is now highly unlikely that the public sector will achieve the collective ambition. While there are many examples of changes relevant to our calls for action, overall, there has not been the acceleration we called for in 2022.

7 We came to this view because:

- Decarbonisation has become a lower priority for public bodies, partly due to financial pressures. It has not been fully embedded into day-to-day decision making, and public bodies are not doing enough to work together.
- The collective ambition has driven action but is poorly defined and criticised for being ‘unachievable’. Public bodies want more help to translate the Welsh Government’s Public Sector Route Map (the route map) into action. And the Welsh Government is not checking whether public bodies are achieving the route map milestones.
- More public bodies are now part of the Welsh Government’s carbon emissions reporting system and some gaps in data have been filled. Reported emissions have increased but trend data does not tell the full story as these improvements in reporting coverage have played a part. And public bodies have concerns about the quality of some of the data because of current calculation methods.
- Public bodies have made limited progress overall in understanding how much it will cost to decarbonise. Where costed near-term plans have been developed, they vary in quality and bodies would like greater certainty about future funding. And where public bodies have estimated the longer-term cost, some described it as unaffordable. Public sector decarbonisation is also only one part of the spending needed to achieve the Welsh Government’s wider net zero ambitions and adapt to climate change.
- Public bodies have identified decarbonisation skills gaps but lack a full understanding of their needs. Internal capacity is often limited to small, specialist teams and public bodies rely on consultants and the Welsh Government Energy Service (the WGES) to fill gaps.

What we recommend

8 Our recommendations focus on the Welsh Government in its leadership role. They address clarifying and supporting the strategic direction, improving carbon emissions reporting, and support for better financial planning.

9 Public bodies are responsible for their own operations. So, we are also recommending that they use the checklist we have developed to reflect on their own approach.

Key facts and figures



82 public bodies

Number reporting carbon emissions to the Welsh Government in 2024-25, up from 69 in 2021-22.[1]



3.96 million tCO_2e

Carbon emissions reported by Welsh public bodies in 2024-25.



84%

Proportion of public bodies' reported carbon emissions in 2024-25 that were scope 3 emissions, which relate mostly to their supply chains.



20% increase

Change in overall reported carbon emissions from Welsh public bodies between 2021-22 and 2024-25. This is due in part to changes in reporting coverage.



At least £2.3 billion

Estimated capital cost of decarbonising Welsh council buildings alone, according to work commissioned by the Welsh Government and Welsh Local Government Association (WLGA).



£144 million in loans and £84 million in grants

Provided by the Welsh Government to directly support public sector decarbonisation since our previous report (between 2022-23 and 2025-26).

Notes:

[1] For universities and colleges, the carbon emissions data included in 2021-22 and 2024-25 is for the 2020/21 and 2023/24 academic years respectively, the most recent published data for those bodies.

Our findings

Leadership

Decarbonisation has become a lower priority for public bodies

10 In 2022, we called on senior leaders to identify decarbonisation as a top priority and demonstrate they fully grasp the urgency of the situation. The Secretary-General of the United Nations recently reinforced the need for stronger leadership.[1] He warned that the world's efforts to reduce carbon emissions are dangerously off track and called for countries to over-deliver on their climate commitments.

11 Our work shows that some good examples of leadership have continued or developed since we reported. But, overall, decarbonisation has become a lower priority.

12 For the NHS, the Welsh Government has shown leadership through a refreshed delivery plan.[2] And the Welsh Government also included in its wider 2024 plan for health and social care, direct references to the climate and nature emergencies.[3]

13 In local government, a Climate Strategy Panel established by the Partnership Council for Wales is providing leadership. Its members include council chief executives who chair task and finish groups focused on the route map's themes.

14 The Future Generations Commissioner reported in 2025 that some public bodies have created dedicated leadership roles or have improved governance and scrutiny structures around decarbonisation.[4] The Commissioner also noted that most public bodies have built relevant commitments into their well-being objectives and/or steps to deliver their objectives.

1 United Nations, A Tale of Two Crises - UN Secretary-General at London Climate Action Week, June 2026
2 Welsh Government, NHS Wales Decarbonisation Strategic Delivery Plan 2025 to 2030, November 2025
3 Welsh Government, A Healthier Wales: our Plan for Health and Social Care, July 2024
4 Future Generations Commissioner for Wales, Future Generations Report 2025, April 2025

15 The Welsh Government has published a plan to reduce its own emissions, including actions to address emissions from its supply chain.[5] There is also strategic leadership within the Welsh Government through its Climate Change Portfolio Board.[6]

16 In general, public bodies in all sectors recognise decarbonisation is important. However, since 2022, financial and political pressures have caused decarbonisation to fall down the priority list. Public bodies told us their overall financial pressures mean they are struggling to invest in decarbonisation. We also heard how the need to decarbonise has become more politically contested in local government.

17 Some public bodies are moving away from treating decarbonisation as a standalone objective. Instead, they are positioning it as one of many ways of delivering linked organisational benefits. For example, some are reframing initiatives as ways to secure savings, rather than promoting carbon reduction for its own sake.

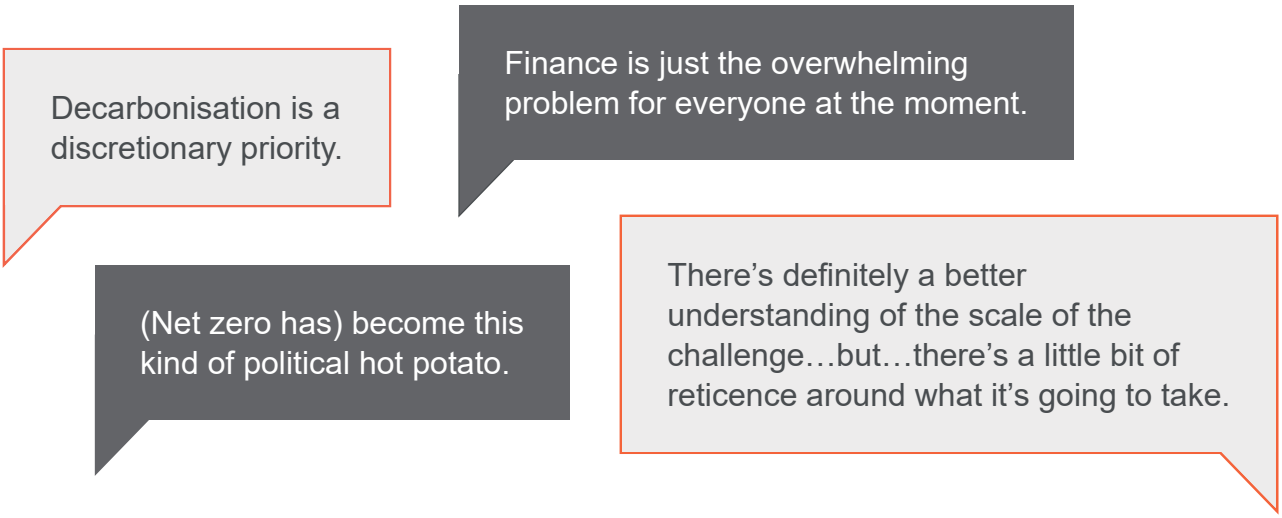
18 Such changes could be a good thing, if they result in a more integrated approach to prioritisation and planning. But there is a risk of public bodies diluting their focus on decarbonisation. The balance between direct cost and emission savings from decarbonisation measures varies. It is important that bodies consider these factors in parallel in their decision-making.

19 **Exhibit 1** shows some relevant quotes from our fieldwork about leadership and prioritisation.

5 Welsh Government, Net Zero Strategic Plan, September 2022

6 This is an internal Welsh Government board. It provides governance for the development and delivery of climate legislation and policy.

Exhibit 1: sample of quotes about leadership and prioritisation



Source: Audit Wales focus groups and interviews with public body officers

Public bodies have not fully embedded decarbonisation in day-to-day decision making

20 In 2022, we said that decarbonisation must be at the core of public bodies' day-to-day business decisions and operations.

21 The Welsh Government has pointed us to steps it has taken to support this. For example, it has made it a requirement that health capital schemes for new builds or major refurbishments must now follow a Net Zero Carbon Healthcare Building Standard. And for new builds and refurbishments in schools and colleges, the Welsh Government has provided extra funding for projects that aim to achieve net zero carbon (see **Exhibit 2**).[7] The WLGA also highlighted guidance it has developed with Ambition North Wales to help organisations consider carbon and biodiversity impacts when preparing business cases.[8]

7 **Paragraphs 80 to 81** show how the Welsh Government has also provided targeted funding to support public sector decarbonisation.

8 Guidance to be made available on the WLGA website shortly. Ambition North Wales is the public facing brand of the North Wales Corporate Joint Committee.

Exhibit 2: case study on the Sustainable Communities for Learning programme

A positive example to learn from is the Welsh Government's Sustainable Communities for Learning programme for school and college buildings. One of the programme's strategic objectives is to develop sustainable learning environments in line with the Welsh Government's carbon reduction commitments.

Through this programme, the Welsh Government typically provides 65% of the standard construction costs to build or refurbish buildings. If a project aims to achieve net zero carbon, and incurs extra costs as a result, the Welsh Government typically funds 100% of those extra costs. We are completing separate audit work looking at the programme in more detail.

Source: Audit Wales fieldwork

22 While there are positive examples of decarbonisation influencing day-to-day decisions, these remain the exception rather than the rule. Public bodies told us that financial and operational pressures can 'crowd out' this agenda.

23 Also, responsibility for decarbonisation largely remains concentrated in small specialist teams in many public bodies. As a result, it is often seen as the role of specialists rather than being something everyone has a stake in as part of their work (see also **paragraphs 97 to 101** on capacity and skills).

24 The Welsh Government told us there are exceptions to this. For example, how Isle of Anglesey County Council, with support from the WGES, had made progress in low carbon heating because of the commitment and involvement of people in different teams and from the top of the organisation down.[9]

9 For more information about this project see: Welsh Government, Isle of Anglesey County Council: low carbon heat retrofit of Llangefni offices, March 2026

Public bodies are not doing enough to work together on decarbonisation

25 In 2022, we called on public bodies to demonstrate stronger collective responsibility through effective collaboration.

26 There are some good examples of joint working. These include joint procurement of electric vehicles by local authorities, culture sector collaboration through the Culture and Climate Cymru network, peer-learning networks in local government and health, and the Climate Strategy Panel in local government.[10] The WGES has also supported private and public sector collaboration on renewable energy projects supplying NHS sites.

27 However, given the scale of the climate and nature emergencies in Wales, we have not seen enough evidence of system wide, cross-sector collaboration on decarbonisation. The response currently falls far short of the kind of collective responsibility that emerged during the COVID-19 pandemic.

10 Welsh Government, Procurement case study: Electric vehicle purchase collaborative procurement, March 2024

Strategic direction

The collective ambition has driven action but is poorly defined and seen as unachievable by many public bodies

28 In 2022, we called for a clear strategic approach to decarbonising the public sector, aligned with other key policy ambitions.

29 The collective ambition sets out the Welsh Government's strategic direction for public sector carbon reduction. It is more ambitious in its scope, scale, and timing than its nearest equivalents in England and Scotland.[11]

30 Since our 2022 report, the collective ambition has continued to drive action. It has provided a definite timescale and focal point for public bodies' actions.

31 There are, however, criticisms of the collective ambition. Some public bodies said it is not clear enough on who is accountable for delivery. Given it is 'collective', some public bodies were also unsure how much each body was expected to contribute. The Welsh Government told us it had repeatedly communicated with public bodies that they should own delivery and aim for their lowest achievable carbon footprint.

32 Another criticism is that the Welsh Government has not defined the collective ambition as a 'target'. There are also no penalties or incentives to drive compliance. Some public bodies told us this had added to uncertainty around the level of priority to attach to carbon reduction.

33 The Welsh Government told us it had not set the collective ambition as a target because it did not have robust evidence about the baseline position at that time. Its intention was to set an ambition for each public body to drive change.

34 Many public bodies believe the collective ambition is unachievable by 2030. And it is having less traction as more public bodies come to realise they will not achieve it.

11 The UK Government's Department for Energy Security and Net Zero has set a target to reduce emissions from public sector buildings in England by 75% by 2037. The Scottish Government has committed to all public sector buildings achieving net zero emissions by 2045.

35 Some public bodies felt that the Welsh Government should have set a more realistic ambition. However, others felt that having a stretching ambition was important to encourage action, and that bodies would have made far less progress without it.

36 The Future Generations Commissioner has recognised that the collective ambition has been a catalyst for action (see **footnote 4**). However, the Commissioner also believes public bodies should develop individual, realistic, medium-term pathways to net zero that align with the Third Carbon Budget for Wales.[12]

37 **Exhibit 3** shows some relevant quotes from our fieldwork about the collective ambition.

Exhibit 3: sample of quotes about the collective ambition



Source: Audit Wales focus groups and interviews with public body officers

12 Welsh Government, Climate change targets and carbon budgets, December 2025

The route map sets out a high-level framework, but public bodies want more help to translate strategy into action

38 In 2022, we reported that while the route map provides a high-level template to translate strategy into action, public bodies said they needed more clarity, support, and guidance on how to decarbonise.

39 Since 2022, some public bodies told us they have continued to use the route map to inform local strategies and decision-making. However, public bodies said they still needed more practical guidance and support to help them develop robust and costed action plans, prioritise interventions, select appropriate technologies, and achieve behaviour change.

40 Numerous public bodies have developed local decarbonisation plans or have included decarbonisation in wider organisational strategies. However, the quality and maturity of these plans – for example, how clear they are about priorities and actions – varies a lot. Some variation is natural and reflects differences in capacity and resources. But the extent of variation suggests that public bodies would benefit from clearer Welsh Government guidance.

The Welsh Government is not monitoring public sector progress towards the route map's milestones

41 The Welsh Government does not monitor progress against the milestones and actions in the route map. The route map also lacks clear, measurable indicators that would allow progress to be assessed consistently.

42 The route map states that during the period 2022-2026 Wales should be 'well on our way' to reducing public sector carbon emissions. It describes this as a position where low-carbon approaches are becoming the norm, and the public sector is clearly on the path to net zero. In our view, the public sector has not met this expectation overall.

Carbon emissions data

More public bodies are now part of the Welsh Government's reporting system and some gaps in reported data have been filled

43 In 2020, the Welsh Government launched a voluntary public sector carbon emissions reporting system. It is a standard framework for public bodies to report progress on decarbonisation.

44 In 2022, we called on public bodies to improve data quality and monitoring to support their decision making. Overall, public bodies have since improved their internal carbon emissions data monitoring and reporting processes.

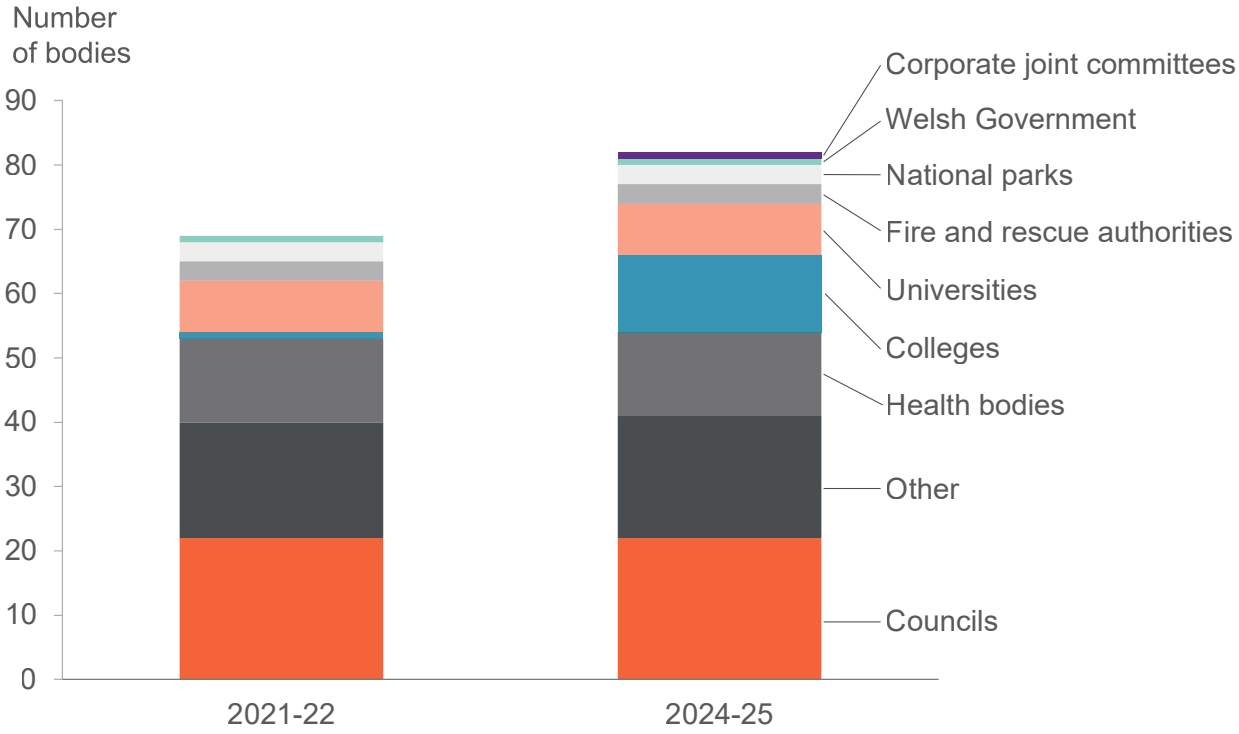
45 The Welsh Government has also continued to work with public bodies to increase coverage and respond to feedback on how to improve the reporting system. For example, gaps in the reporting of anaesthetic gases and waste management emissions are now filled, and reporting on supply chain expenditure has been expanded.[13] Also, the WGES is now running a project to improve land-based emissions reporting.[14]

46 As shown in **Exhibit 4**, the number of bodies reporting their carbon emissions to the Welsh Government has risen from 69 in 2021-22 to 82 in 2024-25. All councils, health bodies, universities, and colleges now report their emissions annually. For bodies to receive Welsh Government public sector decarbonisation funding, they must continue to report emissions.

13 Anaesthetic gases such as nitrous oxide are potent greenhouse gases that are released directly into the atmosphere after use.

14 Land-based emissions reporting covers greenhouse gas emissions and carbon removals from changes in land use and land management, including agricultural activity.

Exhibit 4: public bodies reporting carbon emissions data to the Welsh Government by type of body, 2021-22 and 2024-25 (number)



Source: Welsh Government, Welsh Public Sector Net Zero Reporting Interactive Dashboard

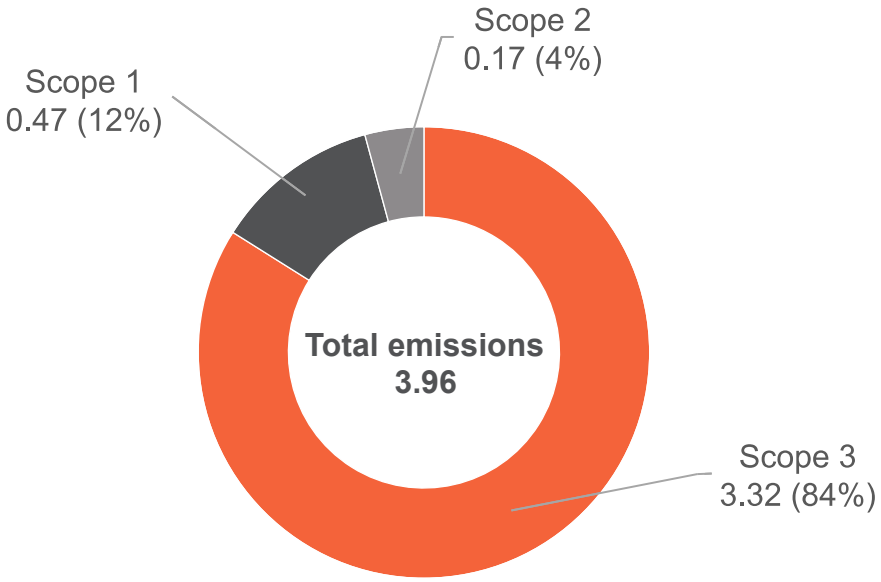
Note: For universities and colleges, the data included in 2021-22 and 2024-25 is for the 2020/21 and 2023/24 academic years respectively, the most recent published data for those bodies.

Public bodies trust the accuracy of their scope 1 and 2 emissions data and are using it to inform their actions

47 There are three standard categories of carbon emissions used across the world. These are described as scope 1, 2, and 3 (see **Appendix 3**).

48 **Exhibit 5** shows Welsh public bodies' reported emissions in 2024-25, for each scope and overall. Public bodies reported a total of 3.96 million tCO_2e in that year.

Exhibit 5: overall, and scope 1, 2 and 3, carbon emissions reported for Welsh public bodies, 2024-25 (million tCO_2e and percentage)



Source: Welsh Government, Welsh Public Sector Net Zero Reporting Interactive Dashboard

Note: We have rounded figures to two decimal places. The units are millions of tonnes of carbon dioxide equivalent (tCO_2e), a measure that expresses the climate impact of all greenhouse gases as the equivalent amount of carbon dioxide.

49 Public bodies have a lot of control over activities that drive scope 1 and 2 emissions, such as heating buildings, using electricity, and running vehicles. But these make up only 16% of total reported emissions.

50 Public bodies told us that Welsh Government guidance on scope 1 and 2 emissions is clear and widely accepted.[15] They had confidence in the accuracy of this data and are using it to inform action, especially in relation to buildings and vehicles. That said, the Welsh Government reports that in the early years of data collection, there were cases of public bodies missing or incorrectly recording data.

15 Welsh Government, Public sector net zero reporting guide, May 2021

Scope 3 accounts for the bulk of emissions but there is wide agreement that the data is not accurate enough to inform meaningful action

51 Scope 3 emissions are indirect emissions, such as those generated in the production of goods purchased by public bodies. So, public bodies have less direct influence over scope 3 emissions than scope 1 and 2. However, tackling scope 3 is important because, as shown in **Exhibit 5**, it accounts for 84% of reported total emissions. Supply chain emissions make up most of the scope 3 emissions.[16]

52 Much of the data that public bodies need to accurately calculate supply chain emissions can be difficult to obtain because it is held by suppliers or third parties. Public bodies might have many suppliers so calculating these emissions can be costly or impractical. It also depends on whether suppliers can report their emissions accurately. As a result, most supply chain emissions data is estimated using proxy data.[17]

53 The proxy approach for supply chain emissions uses 'emission factors' as standard conversion rates to translate public bodies' spending into an estimate of carbon emissions. The UK Government publishes updated factors periodically.

54 This means that current supply chain emissions data provides only a broad indication of emissions rather than a precise measure. Many public bodies felt that the current approach is not accurate enough to help them to target their actions to reduce supply chain emissions.

55 There was widespread frustration with the supply chain approach, which many public bodies described as crude or unfair. For example, if a body installs heat pumps for its buildings, this would result in it reporting higher emissions in the short term under scope 3 due to the spending on the installation. Yet the change to heat pumps away from conventional fossil fuel heating would likely reduce the body's emissions over time.

16 Activities that produce the most carbon tend to sit in supply chains, for example, manufacturing, food production, construction, and pharmaceuticals. In 2024-25, supply chain emissions made up 89% of scope 3 emissions and 75% of total emissions.

17 Of the scope 3 supply chain emissions reported to the Welsh Government in 2024-25, 92% was estimated using proxy data. For the remaining 8%, public bodies used supplier-specific data. The WGES reports that the health sector is more advanced in using supplier specific data. The Welsh Government's approach for supply chain emissions is consistent with internationally recognised greenhouse gas emissions accounting.

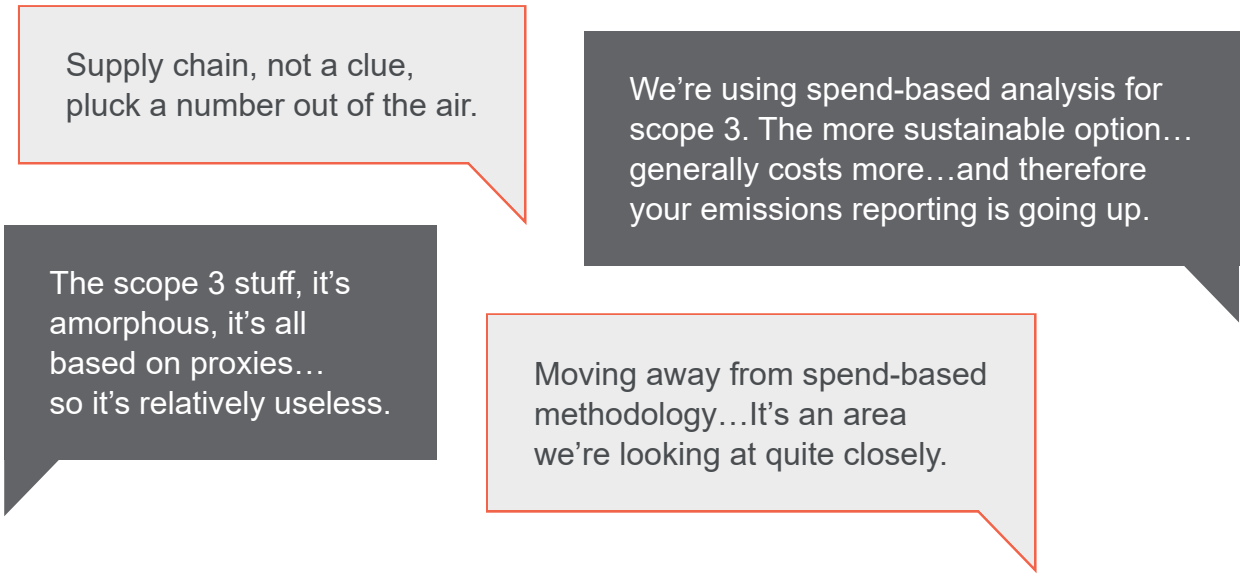
56 The Welsh Government recognises there are limitations. It has wanted to balance accuracy with the need for an approach that is not too resource intensive for public bodies. It has also seen the approach as something that can help public bodies focus their efforts around decarbonising their supply chains.

57 For all the concerns, many public bodies recognised that the current approach gives an indication of their wider carbon impact until better data becomes available. Some suggested that future policies and targets should more clearly distinguish expectations for scope 1 and 2, and scope 3 emissions.

58 With the aim of improving supply chain emissions data, the WGES has worked with public bodies to develop an optional supplier data collection template. The template has been introduced for the 2025-26 reporting year. The WGES is encouraging public bodies to engage with their top 10 suppliers (by emissions). It remains to be seen how much the template will be used. The WGES is also exploring digital solutions to streamline reporting.

59 **Exhibit 6** shows some relevant quotes from our fieldwork about supply chain emissions reporting.

Exhibit 6: sample of quotes about supply chain emissions reporting



Source: Audit Wales focus groups and interviews with public body officers

There is only limited verification of emissions data

60 Before public bodies submit their emissions data to the Welsh Government, they should be satisfied as to its accuracy. We have not looked at data quality arrangements at individual public bodies.

61 When public bodies submit their data, the WGES conducts basic checks for completeness, scale, and obvious gaps. As a result, some errors or inconsistencies may go undetected.

62 For 2025-26, more detailed building-level data is required and the WGES is planning more verification.[18] However, in the short term, this will not be at the level of verification of other environmental data, for example, around municipal waste management and recycling.

Overall reported emissions have increased but the published trend data does not tell the full story

63 As shown in **Exhibit 7**, reported Welsh public sector carbon emissions have increased since reporting began in 2019-20. Between 2021-22 (shortly before our previous report) and 2024-25, there was a 20% increase. Between 2019-20 and 2024-25, there was a 78% increase.

18 For reporting years before 2025-26, public bodies could submit more aggregated data. For example, where a submission might cover several buildings on a single site.

Exhibit 7: reported carbon emissions for Welsh public bodies, and number of bodies that reported emissions, 2019-20 to 2024-25 (million tCO_2e, number)

	Reported emissions (million tCO_2e)	Number of bodies that reported
2019-20	2.23	47
2020-21	3.32	54
2021-22	3.30	69
2022-23	3.12	71
2023-24	3.53	77
2024-25	3.96	82

Source: Welsh Government, Welsh Public Sector Net Zero Reporting Interactive Dashboard

Note: The increase in reported emissions is due in part to changes in reporting coverage.

64 Analysis of the Welsh Government's interactive dashboard shows that between 2021-22 and 2024-25:

- reported scope 3 emissions went up by 24% (largely due to increased emissions attributed to the supply chain); and
- reported scope 1 and 2 emissions barely changed overall (a 1% fall).

65 But the trends described above do not tell the full story. For example, improvements in reporting coverage have played a part (see **paragraphs 45 and 46**).

66 Another contributing factor is the increase in the number of public bodies reporting emissions data to the Welsh Government. We controlled for this by analysing the data for the bodies that reported in both 2021-22 and 2024-25. For those 67 public bodies, there was an 18% increase in reported carbon emissions.[19]

67 So, while it is difficult to analyse trends, the overall picture is that the public sector remains a long way from achieving the collective ambition. This aligns with what public bodies told us.

19 There were two public bodies that reported in 2021-22 that did not report in 2024-25.

Finance

Public bodies have made limited progress in understanding the costs of decarbonisation

68 In 2022, we called on public bodies to improve their understanding of the finances needed to decarbonise their operations.

69 Public bodies generally understand their capital spending on specific decarbonisation projects, such as heating systems, fleet replacement and vehicle charging. However, they lack a full picture of their total decarbonisation spending because costs are often embedded in wider estates, maintenance and replacement projects.

70 In addition, public bodies have made limited progress in understanding the broader, longer-term costs of achieving net zero carbon across all their activity.

71 The WGES told us that assessing the longer-term cost of decarbonisation had become a distraction for public bodies. It said that it was more important for public bodies to develop near-term, costed delivery plans. While we have not reviewed public bodies' decarbonisation plans in detail, we commented in **paragraph 40** on the variable quality and maturity of those plans.

Where public bodies have estimated how much decarbonisation will cost over the longer term, some described it as unaffordable

72 Where organisations have attempted to quantify the longer-term costs of decarbonisation, the estimates are substantial. Some public bodies described these costs as unaffordable.

73 A 2025 report commissioned by the Welsh Government and WLGA looked at the cost of decarbonising council buildings across Wales. Estimates ranged from at least £49 million in Ceredigion to at least £218 million in Cardiff. Across Wales, the total cost was estimated to be at least £2.3 billion.[20]

20 This report is not currently available online. The model used in the report covers 2024 to 2030. The £2.3 billion capital cost relates to the cost of implementing energy efficiency and renewable energy measures. For example, installing heat pumps, double glazing and solar power. This compares to an estimated cost of £153 million to replace current heating equipment on a like-for-like basis at the end of its useful life.

74 The WGES told us that public bodies need to change their approach to estimating longer-term decarbonisation costs. The WGES wants public bodies to consider the net cost of decarbonisation, recognising that there are substantial costs associated with continuing to run their operations without taking decarbonisation actions.

75 And the Welsh Government said it was unhelpful for public bodies to consider decarbonisation as a separate cost item. It said decarbonisation needs to become a standard aim that is allowed for in any renewal or replacement project.

76 Nevertheless, the level of spending required for public bodies to decarbonise their own operations presents a challenge. It is also just one part of the bigger picture of public spending needed to achieve the wider Welsh Government target of a 100% carbon reduction for Wales by 2050.[21]

77 However, investing now is about prevention. Failure to do so may lead to longer-term financial impacts. The future costs of needing to adapt services and assets to climate change will be considerable and may increase if action is delayed. Public bodies therefore need to consider both the costs of action and the costs of inaction when making spending decisions.

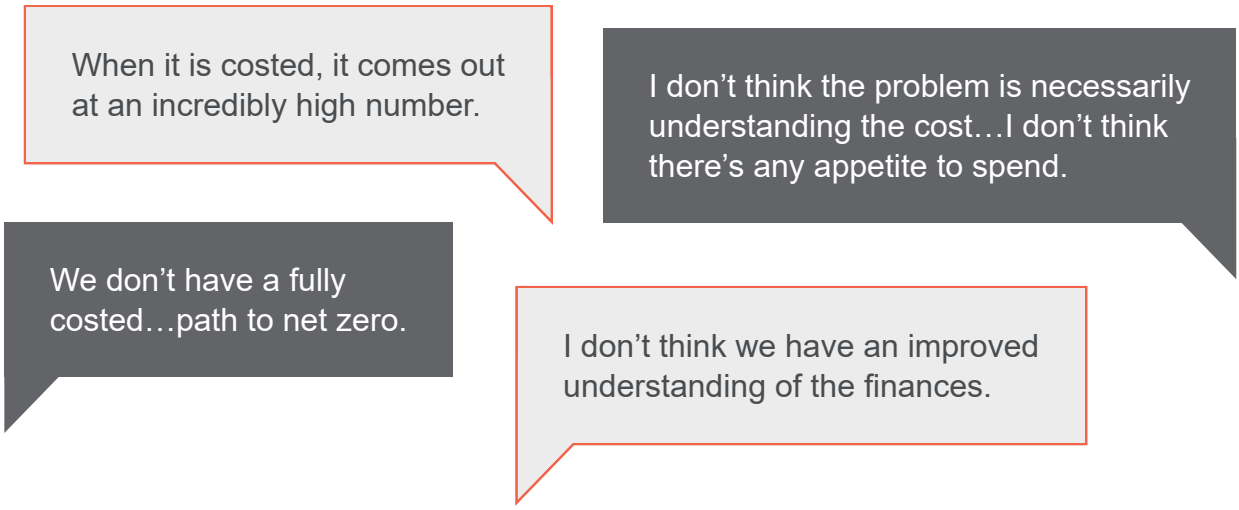
78 The UK Climate Change Committee has advised the Welsh Government to introduce a multi-year programme for decarbonisation specifically for public sector buildings, supported by long-term capital settlements.[22]

79 **Exhibit 8** shows some relevant quotes from our fieldwork about the cost of decarbonisation.

21 Welsh Government, Climate change targets and carbon budgets, December 2025

22 Climate Change Committee, Wales' Fourth Carbon Budget: Advice for the Welsh Government, May 2025

Exhibit 8: sample of quotes about the cost of decarbonisation



Source: Audit Wales focus groups and interviews with public body officers

Between 2022-23 and 2025-26, the Welsh Government provided £144 million in loans and £84 million in grants to directly support public bodies' decarbonisation

80 The Welsh Government is directly supporting public bodies to decarbonise by providing loan and grant funding.[23] As shown in **Exhibit 9**, the Welsh Government has provided £144.1 million in loans since our previous report (between 2022-23 and 2025-26). Overall, there has been a year-on-year increase during this time.

23 We use 'directly supporting' to mean the loans and grants that the Welsh Government sees as specific to public sector decarbonisation. This excludes funding with other core objectives that may also support decarbonisation.

Exhibit 9: Welsh Government loan finance directly related to public sector decarbonisation, 2022-23 to 2025-26 (£ million)[1]

Loan name	2022-23 (£ million)	2023-24 (£ million)	2024-25 (£ million)	2025-26 (£ million)	Total (£ million)
Wales Funding Programme[2]	2.3	13.9	7.1	6.5	**29.8**
Digarbon[3]	–	–	28.7	42.0	**70.7**
Invest to Save[4]	3.3	–	13.2	27.1	**43.6**
Total	**5.6**	**13.9**	**49.0**	**75.6**	**144.1**

Source: Welsh Government

Notes:

[1] We have rounded the figures to one decimal place, so figures do not necessarily add up to displayed totals.

[2] The Wales Funding Programme provides loan funding for energy efficiency and decarbonisation projects for public bodies registered in Wales.

[3] Digarbon supports decarbonisation, energy efficiency, renewable energy (including low carbon heat), and electric vehicle infrastructure projects in further and higher education institutions in Wales.

[4] Invest to Save supports decarbonisation and energy efficiency projects in Welsh public bodies. It is for bodies that are not able to borrow through other public sector borrowing routes, such as health boards.

81 As shown in **Exhibit 10**, Welsh Government grant funding to directly support public bodies' decarbonisation totalled £84 million between 2022-23 and 2025-26. As with loan finance there has been a year-on-year increase during this time.

Exhibit 10: Welsh Government grant funding directly related to public sector decarbonisation, 2022-23 to 2025-26 (£ million)[1]

Grant name	2022-23 (£ million)	2023-24 (£ million)	2024-25 (£ million)	2025-26 (£ million)	Total (£ million)
Local Authority Low Carbon Heat Capital Grant[2]	–	14.2	20.0	31.2	**65.4**
Public Sector Heat Grant[3]	–	–	1.6	1.7	**3.3**
Transport Grant[4]	1.2	4.4	6.2	2.7	**14.5**
Project Design and Development Grant[5]	–	–	–	0.7	**0.7**
Total	**1.2**	**18.6**	**27.8**	**36.3**	**83.9**

Source: Welsh Government

Notes:

[1] We have rounded the figures to one decimal place, so figures do not necessarily add up to displayed totals.

[2] The Local Authority Low Carbon Heat Capital Grant funds up to 90% of the cost of installing low carbon heating solutions in local authority-owned buildings.

[3] The Public Sector Heat Grant funds up to 90% of the initial capital cost of installing low carbon heating solutions in public sector buildings. It is not available to councils or higher education institutions.

[4] The Transport Grant funds up to 90% of the cost of installing charging infrastructure and associated capital works and top up funding for the purchase of zero emission vehicles. The grant is available to all Welsh public sector bodies, including universities and further education colleges.

[5] The Project Design and Development Grant is available to all public bodies that report carbon emissions to the Welsh Government. It funds up to 50% of the design and development work needed to get projects ready for investment.

82 In addition to the funding set out in **Exhibits 9 and 10**, the Welsh Government is funding the WGES. Between 2023-24 and 2025-26, funding for the WGES's core work has totalled around £11.6 million.[24] The Welsh Government has also provided £1.4 million of funding for the WLGA Climate Change Support Programme between 2022-23 and 2025-26.[25]

83 Public bodies told us that Welsh Government funding and WGES support are important enablers of decarbonisation activity. However, some bodies do not access the Welsh Government grant funding that is available. Even where public bodies have received funding, they also told us that it is not enough to deliver the scale of change required.

84 In 2022, we said that while the Welsh Government is providing funding to public bodies, it has said it cannot fund everything. We urged public bodies to think carefully about how they can use existing funding in different ways, explore other funding opportunities, and consider how they might share costs with partner organisations. These points are still valid.

85 Difficult questions remain about where the money will come from for the public sector to decarbonise and to contribute to the wider Welsh Government target of a 100% carbon reduction by 2050 (see **paragraph 76**).

86 Further spending will also be required to adapt to climate change. With public bodies also juggling many other priorities, a wider national conversation is needed about the level of investment required and by whom.

24 The Welsh Government provides the WGES with additional, ad-hoc revenue funding for specific work outside of its core service. The core service covers supporting public bodies to plan and deliver local energy projects and public sector emissions reporting. The current framework for WGES support began in 2023.

25 The WLGA Climate Change Support Programme supports local authorities to deliver decarbonisation and climate adaptation activities. It provides leadership, guidance, tools, training and collaborative forums to help councils share learning, avoid duplication, build capability and accelerate progress towards the ambition of a net zero Welsh public sector by 2030. Since it started in 2020-21, and including 2026-27, total funding for the programme comes to £2.2 million.

Public bodies identified concerns about current funding approaches

87 Public bodies told us about how Welsh Government funding is often short term and tied to annual cycles, making it difficult to plan and deliver long-term decarbonisation programmes. These concerns reflect issues that we have commented on in previous reports, including our recent report on wider funding for local government.[26]

88 Public bodies also reported challenges accessing funding. For example, limited capacity to develop business cases, short application windows, and a reluctance or inability to take on additional debt with potentially long pay back periods. Some felt these issues favour organisations with the resources and expertise to secure funding. As a result, there is a risk that funding is not always directed to projects that would necessarily deliver the biggest impact.

89 The Welsh Government told us it had repeatedly encouraged public bodies to develop pipelines of decarbonisation projects. This would help them be better prepared to access funding.

26 Audit Wales, Funding councils: how the Welsh Government funds councils, July 2026

Skills

Public bodies have identified decarbonisation skills gaps but lack a full understanding of their needs

90 In 2022, we called for public bodies to get to know their skills gaps and increase their capacity.

91 Since then, public bodies have developed a broader understanding of the skills needed to achieve net zero carbon. However, this is often high-level and not supported by more detailed workforce assessments or development plans.

92 Areas where specific skills gaps have been identified include energy engineering, retrofit delivery, facilities management, low-carbon construction, and scope 3 decarbonisation.[27] Public bodies also report gaps in data and analytical skills to support decision-making.

93 The Welsh Government has taken some steps of its own to try to help strengthen wider workforce planning for decarbonisation. Since 2022, it has published a plan to identify future skills needs and coordinate action across the private and public sectors.[28] The Welsh Government told us it intends to review the plan ahead of a broader Skills Strategy for Wales in 2027.

94 The Welsh Government has also developed sector-specific skills roadmaps and completed a Green Skills Review.[29, 30] The review made recommendations to inform future skills policy. Its findings are informing ongoing discussions with wider stakeholders on the future direction of net zero skills.

95 The Welsh Government has also produced a library of case studies showing how organisations can invest in net zero skills in areas including buildings, electricity and heat generation, and transport.[31] However, what we heard from the public body officers we engaged with suggested that awareness of some of these actions and resources could be improved.

27 Energy engineering refers to skills to design, assess and deliver energy efficiency, renewable energy, and low-carbon heat projects. Retrofit delivery is when energy-efficiency and low-carbon improvements are made to existing buildings.

28 Welsh Government, Net Zero Skills Action Plan, February 2023

29 Welsh Government, Draft emission sector skills roadmaps, October 2024

30 Welsh Government, Greens Skills Review, October 2025

31 Welsh Government, Net zero skills: case studies, April 2023

96 The Welsh Government recognises that more needs to be done, and that net zero skills remains a long-term challenge. It is continuing to work with other relevant bodies, such as Regional Skills Partnerships. Areas of focus include improving skills mapping, sharing data, and making sure skills planning is considered early in major policy initiatives.[32]

Internal capacity is often limited to small, specialist teams and public bodies rely on consultants and the WGES to fill gaps

97 Public bodies told us that internal capacity is often limited to small decarbonisation teams. Many highlighted carbon literacy as an important way of building wider capability in public bodies. Carbon literacy is the ability to understand, communicate about, and act on climate change issues. So, improving carbon literacy could help make decarbonisation everyone's responsibility.

98 However, carbon literacy and decarbonisation skills are not routinely part of mandatory training, workforce strategies, or professional development frameworks. And where public bodies offer carbon literacy training, we heard that take-up is often low.

99 Public bodies also reported persistent problems retaining staff with decarbonisation skills. There is competition for these staff, both within the public sector and because of better paid opportunities outside it.

100 To address skills gaps, many public bodies rely on consultants and the WGES for technical expertise, feasibility studies, and delivery support. The WGES is not resourced to lead public bodies' projects. However, the Welsh Government told us that the support provided by the WGES is spreading learning that it hopes will help to build capacity in public bodies over the longer term.

101 Several public bodies described using short-term grants and project funding to create temporary posts. However, this does not provide a long-term solution to capacity issues.

32 The four Regional Skills Partnerships in Wales bring together employers, skills providers and other stakeholders. Their role is to drive investment in skills by developing responses to local and regional need.

4 Recommendations

Recommendation to public bodies that report carbon emissions to the Welsh Government

R1 Public bodies should use our checklist at a senior leadership or governance forum, to self-assess their approach to decarbonisation and support scrutiny.

(See **Appendix 2**).

Recommendations to the Welsh Government

R2 To clarify and support delivery of the strategic direction for public sector decarbonisation, the Welsh Government should:

2.1 Decide whether the collective ambition will be retained in its current form.

2.2 Set clear and measurable expectations for public bodies on decarbonising their operations across their scope 1, 2, and 3 emissions in the context of wider policy ambitions.

2.3 Build on the publication of emissions data with an annual statement, describing progress towards the collective ambition (or any replacement), and milestones in the route map, including the likelihood of success and factors affecting delivery.

2.4 Work with public bodies to understand and respond to their needs for more practical and delivery-focused guidance to support decarbonisation work.

(See **paragraphs 28 to 42**)

R3 To improve carbon emissions reporting, the Welsh Government should work with public bodies to:

3.1 Establish and maintain consistent and comparable emissions reporting over time to enable robust, long-term monitoring of progress in public sector decarbonisation.

3.2 Agree how reported emissions data will be verified and assured in future.

3.3 Set out plans to address the current limitations in supply chain emissions reporting.

(See **paragraphs 43 to 67**)

R4 To support better financial planning, the Welsh Government should:

4.1 Work with public bodies to develop guidance and support aimed at making sure all bodies have good quality, costed, near-term decarbonisation action plans.

4.2 Lead a national conversation about how decarbonisation, across the public sector or more widely, should be funded in future, informed by data on the likely long-term costs of decarbonisation, the costs of adapting to climate change, and the potential costs of inaction.

4.3 Set out how much dedicated funding it expects will be available to the public sector for the next three years, in grants and/or loans, to inform public bodies' plans for financing their own decarbonisation.

(See **paragraphs 68 to 89**)

Appendices

1 About our work

2 Checklist for public bodies

3 Key terms in this report

1 About our work

Scope of the audit

This report is a follow-up to our 2022 work, which considered how the public sector was preparing to achieve the collective ambition for a net zero public sector by 2030.[33]

Our follow-up was deliberately high level. We focussed on the collective ambition, with our scope framed around our five calls for action. We limited our scope to public sector action on decarbonisation. Wider issues, such as progress against statutory net zero carbon targets covering more than just the public sector and adaptation to a changing climate, were not within scope.

Our 2022 work covered 48 public bodies. These were the 44 local government, NHS and central government bodies covered at the time by the Well-being of Future Generations (Wales) Act 2015 (the Act). Also, the Welsh Ambulance Services University NHS Trust, Digital Health and Care Wales, Health Education and Improvement Wales, and the NHS Wales Shared Services Partnership which is hosted by Velindre University NHS Trust.

In our follow-up, we covered the same 48 bodies but also considered the wider context of public sector decarbonisation by engaging with bodies brought under the Act in 2024. We also covered other bodies, including higher and further education institutions, which submit carbon emissions data to the Welsh Government. This increased the number of bodies in our scope to 82.

We have not examined public bodies' approaches in detail or their spending decisions. We have drawn heavily on what we have learnt through our engagement with public bodies, through interviews and focus groups, but we have not conducted detailed fieldwork at each public body.

33 Audit Wales, Public Sector Readiness for Net Zero Carbon by 2030, July 2022 and Public Sector Readiness for Net Zero Carbon by 2030: Evidence Report, August 2022

Audit questions and criteria

Questions

We focused our work around two specific questions:

- Has the public sector made progress towards achieving the collective ambition?
- Has the public sector, at an all-Wales and local level, made progress in responding to the calls for action from our report?

Criteria

To develop audit criteria to assess public bodies' progress, we drew on the detail under each of the calls for action in our 2022 report. Those calls for action were:

- 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.
- Improve data quality and monitoring to support your decision making.

Methods

We conducted most of our fieldwork between January and April 2026, using the following methods:

- Review of key legislative, policy, and guidance documents. We also considered reports from other bodies including Senedd committees, the UK Climate Change Committee, and the Future Generations Commissioner for Wales.
- An information request to the Welsh Government asking for details of its organisational response to the five calls for action.
- Analysis of financial and other data, as described in the main body of this report and taken from other sources. We have not independently verified the data we are drawing on.
- Interviews with representatives from the Welsh Government, Future Generations Commissioner, WLGA, NHS Wales, the WGES, Natural Resources Wales, and WWF Cymru.
- Seven focus groups with representatives from local government, health, central government, universities, and colleges. There were 72 attendees in total from 57 bodies. Attendance included decarbonisation practitioners, as well as directors and other senior leaders.
- We used Microsoft Copilot (artificial intelligence) to help us analyse themes emerging from the transcripts of our focus groups. Auditors present at the focus groups checked and updated the results where required.

In June 2026, we shared our emerging findings at a meeting with Welsh Government officials.

2 Checklist for public bodies

This checklist sets out key questions that we think those charged with leadership and governance in public bodies should be asking to reflect on their body's approach to decarbonisation. The questions do not cover everything that bodies may need to consider but reflect the main themes outlined in this report.

Leadership

- Is decarbonisation high on your priority list; and if not, why not and what can be done about it?
- With Wales having declared climate and nature emergencies, are you comfortable with the level of priority your organisation is giving to decarbonisation?
- Do you have an integrated approach, where aims and objectives around decarbonisation align well with other corporate plans and priorities?
- Is decarbonisation part of day-to-day working and key decision-making processes?
- Is there effective collaboration between internal teams on decarbonisation projects?
- Are you demonstrating collective responsibility for decarbonisation by working effectively with other public bodies?

Strategic direction

- Do you understand your role in relation to the collective ambition?
- Do you remain committed to doing all you can to reduce your carbon emissions by 2030?
- Are you using the route map to guide your strategic approach?
- Do you have a well-developed decarbonisation plan that is widely understood and monitored?
- Is decarbonisation a standard consideration in building refurbishment and replacement projects?

Carbon emissions data

- Are you ensuring that the carbon emissions data you report to the Welsh Government is accurate?
- Are you using carbon emissions data to inform effective action on decarbonisation, including in relation to scope 3 supply chain emissions?

Finance

- Do you have a prioritised and costed near-term decarbonisation plan?
- Are you taking steps to improve your understanding of the longer-term cost of decarbonising your operations?
- Do you have a medium-term plan setting out how you intend to afford to fund decarbonisation?
- Are you managing the risk that not investing now may lead to larger, longer-term costs to adapt services and assets to climate change?
- Are you making the most of the central funding available from the Welsh Government?
- Are you finding other ways to fund decarbonisation, beyond Welsh Government funding?

Skills

- Is decarbonisation seen as everyone's business rather than the responsibility of a small specialist team?
- Do you provide carbon literacy training to staff, to widen understanding and influence behaviour; and is the training well attended?
- Have you identified skills gaps in decarbonisation planning and delivery, and do you have a plan to address them?
- Are you making the most of support and skills available from the WGES?

3 Key terms in this report

Term	Description
Carbon budgets	Wales uses five-year carbon budgets to track progress towards net zero by 2050 for the country as a whole. Each budget sets a limit on greenhouse gas emissions over a five-year period. The third carbon budget covers 2026 to 2030 and requires emissions to be 58% lower than in 1990.
Carbon emissions	The Welsh Government's Welsh Public Sector Net Zero Carbon Reporting Guide defines carbon emissions as shorthand for greenhouse gas emissions that are included in the Kyoto Protocol. Carbon dioxide is the most common greenhouse gas, and other gases can be measured in relation to it, reported in tonnes of carbon dioxide equivalent (tCO_2e).
Climate Strategy Panel	This local government panel was established by the Partnership Council for Wales. It brings together officers from councils and national parks, as well as Natural Resources Wales and the Welsh Government. And it has task and finish groups focused on themes from the route map.
Collective ambition	In 2017, the Welsh Government announced its intention to achieve a carbon neutral public sector by 2030. In 2021, the Welsh Government confirmed an ambition for the Welsh public sector to collectively achieve net zero carbon emissions by 2030, through the publication of Net Zero Carbon Status by 2030: A Route Map for Decarbonisation Across the Welsh Public Sector. The ambition does not require every public body to reach net zero individually by that date. Instead, it provides a shared direction of travel and an expectation that all public bodies contribute towards reducing emissions.
Decarbonisation	The process of reducing greenhouse gas emissions.
Net zero carbon	The Welsh Government defines net zero as balancing greenhouse gas emissions with the amount of gases removed from the atmosphere.

Term	Description
Public Sector Route Map (the route map)	The route map is the Welsh Government's strategic overview of the key priority areas for action and milestones needed for the Welsh public sector to reach net zero greenhouse gas emissions by 2030.
Scope 1 emissions	The Welsh Government defines scope 1 as direct emissions, in line with the globally understood definition: Emissions from operations that are owned or controlled by the reporting organisation. This includes generation of heat or transportation of employees/goods in company-controlled vehicles.
Scope 2 emissions	The Welsh Government defines scope 2 as indirect emissions from energy, in line with the globally understood definition: Emissions from the generation of purchased or acquired electricity, steam, heating, or cooling generated by a third party and consumed by the reporting organisation.
Scope 3 emissions	The Welsh Government defines scope 3 as indirect emissions, in line with the globally understood definition: All indirect emissions (not included in scope 2) from a body's activities, including emissions from its supply chain. Scope 3 also includes activities such as business travel, employee commuting, and the recycling and/or disposal of waste.
Supply chain emissions	Supply chain emissions are indirect emissions from a body's demand for purchased goods, services, or works. Supply chain activities are typically a major component of scope 3 emissions, often accounting for a significant proportion of a body's overall carbon footprint.
Welsh Government Energy Service (WGES)	The WGES is a Welsh Government-funded programme that helps public bodies and community groups deliver energy and decarbonisation projects by providing funding, specialist advice, and technical, commercial and procurement support.

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Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

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