

CABINET

Date of Meeting	Tuesday, 12 th March 2024
Report Subject	Audit Wales Assurance & Risk Assessment review – Carbon reduction plans
Cabinet Member	Collective responsibility
Report Author	Chief Officer (Planning, Environment & Economy)
Type of Report	Strategic

EXECUTIVE SUMMARY

In 2019 the Welsh Government called for the Public Sector to become net zero carbon by 2030. Following this declaration, Cabinet resolved in December 2019 to a Climate Change Strategy which would set key aims and actions for creating a net zero carbon Council by 2030.

The Climate Change Strategy and action plan were adopted by Council in February 2022. This strategy sets the commitment, ambition, actions and milestone targets to reach our net zero carbon goal.

In July 2022, Audit Wales issued a report that called for stronger public sector leadership on reducing carbon emissions in Wales. Following this, they have carried out individual audits of each Council's carbon commitment and action against the findings of their public sector wide report.

The purpose of this report is to give an overview of the Assurance & Risk Assessment review and action that has been taken to date to address the recommendation.

RECOMMENDATIONS

1	That Cabinet notes the outcome of the Audit Wales report, the Council's response to it and supports the actions being taken to address its recommendation
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REPORT DETAILS

1.00	EXPLAINING THE REPORT
1.01	<p>In 2019 the Welsh Government called for the Public Sector to become net zero carbon by 2030. Following this declaration, Cabinet resolved in December 2019 to develop a Climate Change Strategy which would set key aims and actions for creating a net zero carbon Council by 2030.</p> <p>The Climate Change Strategy and Action Plan were adopted by Council in February 2022. This Strategy sets the commitment, ambition, actions and milestone targets to reach our net zero carbon goal.</p> <p>In July 2022, the Auditor General published a report titled ‘Public Sector readiness for Net Zero Carbon by 2030’, which looked at decarbonisation actions in 48 public bodies, including all councils.</p> <p>This report found uncertainty that the collective ambition for a net zero public sector by 2030 will be met. The work identified significant, common barriers to progress that public bodies must collectively address to meet the collective ambition.</p> <p>They 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.</p> <p>In the report, the Auditor General makes the following five calls for action from public bodies:</p> <ul style="list-style-type: none"> • 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. <p>Following this, Audit Wales carried out individual audits of each Council’s carbon commitment and action against the findings of their public sector wide report. The evidence base for this work included conversations with officers and reviewing relevant documents.</p>
1.02	<p>The Audit Wales report (Appendix 1) found that:</p> <p><i>“The Council has a clear vision and strategic support for its approach to decarbonisation and net zero by 2030, articulated in its decarbonisation plan and its corporate priorities and recognises the challenges between its current emissions and achieving net zero by 2030 but developing better data on the cost and carbon impacts of its interventions would support it in the prioritisation of its resources.”</i></p>
	<p><i>“The Council has a vision for decarbonisation and has stated its ambition of becoming a net zero Council by 2030 within its latest Climate Change</i></p>

	<p><i>Strategy (CCS), which was approved by Cabinet in February 2022. Whilst the CCS sets out the Council's journey towards net zero, the Council have recognised that these steps on their own will still not be enough to achieve net zero by 2030 and that advances in technology and a significant increase in sequestration will be important areas if the gap is to be bridged. There are clear links between the CCS and two of the Council's Well Being Objectives and the Sustainable Development principle is being used to support the delivery of the CCS has been defined within the CCS accompanying Integrated Impact Assessment.</i></p>
1.04	<p><i>The Council was part of Welsh Government's pilot for the Net Zero data collection and therefore they have a well-developed understanding of their Carbon footprint and have confidence in their baseline data. In understanding their footprint, the Council have also been able to articulate the gap between current emission and net zero. The Council have told us that they will continuing to improve the methods used to calculate their footprint data. Having robust data has enabled the Council to develop its interventions to address the areas with the greatest emissions.</i></p>
1.05	<p><i>The CCS includes a detailed Action Plan for each priority area. Supporting this overarching Action Plan are more detailed action plans. The Council have told us that the full financial and Carbon impact of each of these interventions has not been assessed as the estimates would be impacted by changing externalities meaning that they would quickly become out of date.</i></p> <p><i>However, they also confirmed that projects are selected with priority being given to those projects that will have a direct impact on their carbon baseline and in the areas that they consider to have the biggest CO2 impact such as energy efficiency, retrofitting of buildings and transitioning the fleet to become electric. Having a comprehensive understanding of the carbon and cost impacts for each of the projects/interventions within the detailed action plans would improve the Council's decision making around how it prioritises its interventions.</i></p>
1.06	<p><i>The Council have established a cross political Programme Board (now Climate Change Committee) to provide governance around its climate change agenda and to monitor progress on its journey towards net zero in its CCS, with scrutiny provided by progress reports to the Environment & Economy Scrutiny Committee. The CCS includes a number of specific targets and milestones for the journey to achieving net zero.</i></p> <p><i>However, the Council recognises that there is more work to do to ensure that reporting and monitoring is integrated in the Council's performance management process. The Council has also told us that it proposes to use its public facing Climate Change webpages for future public reporting on its annual progress.</i></p>
1.07	<p><i>The Council have reported that its CCS has been developed through engagement with Members and Officers, through workshops and training, The Council also ran a public engagement period through October and November 2021 and also engaged with primary and secondary schools. The Council have told us that the feedback from this engagement was</i></p>

	<p><i>further developed in internal workshops with each of the portfolio areas across the Council's services and was used to further develop the Strategy.</i></p>
1.08	<p><i>The Council is engaged in several strategic partnerships which will support its ambition towards net zero, such as the development of Parc Adfer waste to energy facility. The Council have also told us that it continues to work closely with the North Wales Economic Ambition Board, the Joint Public Service Board and others in delivering its ambitions around decarbonisation, however also recognised that in particular joint projects with PSB partners are challenging due to the different levels of carbon maturity within partner organisations.</i></p> <p><i>The Council is also part of the North Wales Decarbonisation Officers group where learning is shared and projects such as, procuring a single climate changing training solution, are being developed.</i></p>
1.09	<p><i>The Council have told us that they have invested over £2.5 million over the last ten years in its energy programme. It has also been successful at attracting external funding such as the Welsh Governments Optimised Retrofit Fund, which will support retro energy efficiency measures to decarbonise its housing stock.</i></p> <p><i>However, the Council has also stated that finding the resources to deliver its ambition represents both a short and long-term risk and that significant investment will be required if the Council is to achieve its goal of becoming net zero carbon by 2030. The Council recognises that currently the Climate Change Strategy has not been fully resourced, although work is underway to develop more detailed business plans which will estimate the investment required. Once there is a clearer understanding of the financial investments required for the proposed interventions these should be fully reflected in any future Medium Term Financial Strategy."</i></p>
1.10	<p><i>The report details the following recommendation: "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 Strategy. If the Council does not develop more detailed business plans which will estimate the investment required, it is unlikely to be able to achieve its goal of becoming net zero carbon by 2030."</i></p>
1.11	<p>In terms of ensuring investment is committed within the Council's Medium Term Financial Strategy, within the Capital Programme 2024-25 to 2026-27, a number of schemes are included which address our carbon commitments. Within proposed allocations, the Private Sector Housing Renewal, School building works and Corporate property works commitments all include elements of decarbonisation where assets within properties are not automatically changed like for like but include consideration of low carbon alternatives as part of an ongoing maintenance regime.</p> <p>Within the proposed investment schemes are three projects – Joint Archive Facility, Croes Atti Residential Care Home, and Re:Fit framework. These schemes address the Council's carbon commitments.</p>

	<p>The joint archive facility and Croes Atti care home have been designed to be net zero carbon in operation (NZCio). This is in line with our climate change strategy's action to 'Design and refurbish buildings for NZCio'.</p> <p>The Re:Fit framework is a national procurement framework specifically for energy efficiency and renewable energy works across Public Sector buildings and land assets where the Council has committed £1.5 million investment over 2024-25 and 2025-26. This framework will accelerate the decarbonisation of our building assets while realising energy and cost savings from the energy works.</p> <p>These projects within the Council's Medium Term Financial Strategy and Capital Programme demonstrate that the Council is forecasting and developing businesses plans for investment towards its net zero goals.</p>
1.12	<p>In terms of the requirement for the Council to cost its action plan, Appendix 2 details some of the key actions within the Climate Change Strategy, along with high level financial implications and associated carbon savings. The 'Buildings' and 'Mobility & Transport' themes cover the Council's Scope 1 and 2 emissions (with some Scope 3). Currently, industry best practice has focussed on development of tools to effectively cost Scope 1 and Scope 2 emissions.</p> <p>Within the Buildings theme of the CCS, there is a projected target of a 60% reduction in emissions equating to 6,448tCO₂e by 2030. Emissions within this theme come from the energy used within our building assets – electricity, heating and water. The main actions within this theme to contribute to this reduction are CCBu2 (reviewing and rationalising building assets), CCBu3 (improving energy efficiency within existing Council buildings) and CCBu5 (designing and refurbishing buildings for NZCio).</p> <p>As we do not have a clear and up-to-date picture of our building assets and the measures that can still be taken to decarbonise them, we have had to utilise high-level best practice tools that rely on assumptions around our building's condition.</p> <p>In order to achieve this reduction there is an estimated capital cost in excess of £66million. This was calculated using best practice assumptions: a 20-30% increase to capital works programmes to design and build to NZCio standard and the utilisation of a high-level costing tool developed by Pembrokeshire County Council.</p> <p>Welsh Government have commissioned AECOM Building condition and energy surveys which will allow us to better understand the current condition of school buildings and the works that can still be undertaken to decarbonise them. This information will inform costing of works needed to further decarbonise these assets.</p> <p>The Council has also committed £1.5million over 2023-25 as part of RE:fit 4 to provide energy efficiency and renewable energy works across its assets. This will realise carbon savings around 892tCO₂e with a seven year payback.</p>

	<p>The Council has been investing in energy efficiency works for a number of years reducing carbon emissions from energy use by upto 60% based on a 2009 baseline. Many of these works have been financed through SALIX interest free loans and the recycling fund and Prudential borrowing.</p> <p>These works have been developed through robust business cases on an invest to save where energy efficiency and renewable energy investment returns cost savings and income streams.</p> <p>Further potential options include Power Purchase Agreements for renewable energy installations whereby a business agrees to purchase electricity directly from an energy generator instead of purchasing electricity from the grid.</p> <p>With the already committed works there is confidence that a better understanding of financial commitment to decarbonise this theme can be determined.</p>
1.13	<p>Within the Mobility & Transport theme of the CCS, there is a projected target of 80% reduction in emissions equating to 5,372tCO₂e by 2030. Emissions in this theme come from fleet travel, business travel and employee commuting. The main actions within this theme centre around the transition of our fleet to ULEV, investing in EV charging infrastructure both publicly and corporately to facilitate this transition, and the development of a salary sacrifice scheme for employees for a ULEV vehicle.</p> <p>Financial costings within this theme are difficult to determine at this time. The first phase of public EV charging infrastructure was rolled out in 2023 at a cost of £155k. This was funded by the On Street Residential Chargepoint Scheme (ORCS). £42k has been secured from WG for a feasibility study for Phase 2 which will advise on further potential investment.</p> <p>Costs associated with the transition of Council fleet to ULEV is also unclear. The Council does not own its fleet vehicles through the fleet lease contract, however there would be a premium on the lease contract costs to facilitate such a transition.</p> <p>Further costs exist with the provision and installation of EV charging infrastructure at corporate locations to facilitate this transition with the associated drawbacks such as the estimated cost of upgrading the grid capacity at Alltami depot to accommodate charging facilities.</p> <p>A feasibility study has been commissioned on the corporate estate to determine next steps with future service and aspirations including ULEV transition.</p> <p>With the already committed works there is confidence that a better understanding of financial commitment to decarbonise this theme can be determined.</p>
1.14	<p>It should be noted that every public sector body is experiencing the same difficulty with costing climate actions. As was detailed within our own</p>

	<p>Climate Change Strategy, this is due to a number of factors: the volatile financial climate, the changing energy prices, lack of ability or understanding to apply financials to non-quantitative factors (such as behaviour change), and an ever evolving and developing industry where we do not currently have all of the answers to mitigate our climate impacts.</p> <p>The Council continues to network within the Public, Private and Third sectors in order to keep abreast of good practice and developments both in terms of methodologies and technologies.</p> <p>The Council has a demonstrable track record of taking innovative action to achieve its long term goals for example, investment in large scale renewables, working with Universities to pilot research programmes, and collaborating with other public sector bodies to achieve shared outcomes. The Council will continue to do this in achieving its ambitious net zero goals.</p>
1.14	<p>While we have made some progress in understanding the carbon savings and financial costings of key actions within the Strategy, there is still a way to go with refining these figures.</p> <p>Ascertaining baselines for the Council's building assets will provide valuable insight into further feasible works that can be completed to decarbonise these assets, and the scheduled feasibility studies for EV charging infrastructure and the corporate estate will also provide detail on the direction the Council can take and what the financial implications of these will be.</p>
1.15	<p>In the June 2023 WLGA pan-Wales Climate Change Officers' Group meeting, Local Partnerships (LP) presented a tool 'Scenario Planning for Net Zero'.</p> <p>This tool seeks to aid local authorities in determining costs associated with decarbonising Scope 1 and 2 emissions. This tool was developed within public sector England and Cardiff Council. The tool plots several scenarios including specific decarbonisation interventions and a BAU pathway. The feedback from the group was that this tool would be very beneficial to Local Authorities in assisting with the costing of their climate action plans in line with Audit Wales' recommendations. WLGA are developing a business case to request assistance from WG in the procurement of this tool for the use of Welsh Local Authorities. This is a tool that the Council will look to utilise to further cost its Climate Action Plan.</p>

2.00	RESOURCE IMPLICATIONS
2.01	<p>Capital investment is required to realise these actions, however the Council has a history of both invest to save, and utilising external funding streams to realise the aims around decarbonisation. The Council continues to ensure it is appraised with available external funding opportunities, and adopts collaborative working to reduce costs where possible.</p>

	<p>Revenue resource will also be required to manage and implement some of these interventions. Compared to neighbouring authorities, the Council has limited dedicated resource for the programme, and officers' ability to lead on projects alongside their usual roles may be unsustainable and risk the progress of programme delivery.</p> <p>Business cases will continue to be developed for projects on an as and when basis.</p>
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3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
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3.01	Ways of Working (Sustainable Development) Principles Impact	
	Long-term	<p>Positive: Decarbonisation of the Council's activities and services will require long term planning and a long term vision to ensure systems and services are fit for purpose as the climate changes as well as reducing the impact of harmful climate change through mitigation.</p> <p>Decarbonisation activities such as planting trees and developing renewable energy will have long lasting impacts over tens to hundreds of years. These activities also contribute to the climate change targets set by Welsh Government particularly Wales generating 70% of its electricity demand from renewable energy by 2030 and becoming a net zero carbon nation by 2050.</p>
	Prevention	<p>Positive: In order to avoid the harmful effects of climate change it is necessary for the Council to reduce its carbon emissions and increase the amount of carbon sequestered in its land assets. Carbon emissions caused by human activities are the main cause of climate change.</p> <p>Mitigating climate change will help to reduce impacts such as extreme weather causing flooding / extreme heat, loss of wildlife and habitats, increased pests and diseases, etc. Adapting to the impacts of climate change now will improve sustainability of our communities as the climate changes.</p>
	Integration	Positive: Becoming net zero carbon

	<p>integrates with the following priorities under the Council Plan; Green Council, Ambitious Council and Supportive Council. It integrates with the public service board objectives in the Environment priority of the Wellbeing Plan as well as the Smart Access to Energy project in the North Wales Growth Deal. It also integrates with the Environment (Wales) Act 2016 and Welsh Government's decarbonisation of the public sector agenda.</p>
Collaboration	<p>Positive: The climate change programme offers multiple opportunities to work collaboratively both internally and externally – and this collaboration will determine the success of the programme. Collaboration with the following groups is needed to ensure decarbonisation is integrated into everything that the Council and the wider region does and plans for:</p> <ul style="list-style-type: none"> - Welsh Government - Other public sector organisations such as local authorities, NRW, health boards, universities. - Private sector - Regional groups such as the North Wales Economic Ambition Board - Local Town and County Councillors - the local communities
Involvement	<p>Positive: If decarbonisation is to succeed and harmful climate change is to be avoided then everyone at a professional and personal level will need to be involved.</p>
<p>Well-being Goals Impact</p>	
Prosperous Wales	<p>Positive: Reducing the Council's carbon emissions should enable strategic investment in projects and ways of working that could deliver savings or generate new income streams, therefore supporting delivery of local services. It should also facilitate the development of the low carbon economy through infrastructure projects, sustained tree planting, land management etc which can support local businesses and communities.</p>
Resilient Wales	<p>Positive: Decarbonisation of the Council's</p>

		activities and services will promote resilience through actions such as: investment in renewable energy infrastructure which helps to reduce reliance on imports from across Europe and the World and the associated price fluctuations, and increasing ecological resilience through enhancing biodiversity particularly on land with low ecological value. By planning for climate change adaptation the Council's services and its communities will also be resilient.
	Healthier Wales	Positive: Decarbonisation requires a shift to active travel, investment in green infrastructure, support for local and sustainable food sources, and development of renewable energy which are likely to promote healthier lifestyles, improved wellbeing and reduced health impacts from poor air quality.
	More equal Wales	Neutral; No impact identified
	Cohesive Wales	Neutral; No impact identified
	Vibrant Wales	Neutral; No impact identified
	Globally responsible Wales	Positive: Reducing the Council's carbon emissions to net zero helps to mitigate climate change and therefore contributes to the achievement of Welsh Government, UK Government and international climate goals.
3.02	Not anticipated to be any negative anti-poverty, equalities or environmental impacts of the scheme.	
3.03	<p>The Council's Well-being Objectives</p> <p>Decarbonisation of the Council's activities will support the Green Council objective with a key impact of reducing carbon emissions mitigating climate change, for example, through the development of alternative and renewable energy production, promoting active travel, shifting to electric fleet vehicles, engaging with the supply chain and promoting a low carbon economy through the goods and services purchased.</p> <p>It can also contribute towards the success of other Council Wellbeing objectives such as 'An Ambitious Council' and 'A Caring Council' through providing local job creation and apprenticeships and therefore potentially reducing poverty through maximising residents' income and employability.</p>	

4.00	CONSULTATIONS REQUIRED/CARRIED OUT
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4.01	None.

5.00	APPENDICES
5.01	Appendix 1 – Audit Wales Assurance & Risk Assessment Review Appendix 2 – Cost and carbon estimates for key climate change strategy actions

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Audit Wales report – ‘Public sector readiness for net zero carbon by 2030’ https://www.audit.wales/publication/public-sector-readiness-net-zero-carbon-2030

7.00	CONTACT OFFICER DETAILS
7.01	Contact Officer: Alex Ellis – Programme Manager Telephone: 01352 703110 E-mail: alex.ellis@flintshire.gov.uk

8.00	GLOSSARY OF TERMS
	<p>BAU – Business As Usual</p> <p>Carbon emissions - Used interchangeably with greenhouse gas emissions; meaning emissions of carbon dioxide, methane etc from human and natural activities and sources. Wider greenhouse gas emissions are collectively calculated into a ‘carbon dioxide equivalent’ displayed as CO₂e.</p> <p>CCS – Climate Change Strategy</p> <p>CO₂ – Carbon dioxide</p> <p>Decarbonisation - Reducing and ultimately eliminating carbon dioxide and other greenhouse gas emissions.</p> <p>EV – Electric Vehicle</p> <p>IEA – International Energy Agency</p> <p>LP – Local Partnerships</p> <p>NZC – Net Zero Carbon – balancing carbon emissions with carbon removal or eliminating carbon emissions altogether.</p>

NZCio – Net Zero Carbon in operation

ORCS – On-street Residential Chargepoint Scheme provided by Office for Zero Emissions Vehicles (OZEV)

RE:fit 4 – National procurement framework managed by Local Partnerships to facilitate energy efficiency and renewable energy works within Public Sector assets

Scope 1 – Greenhouse gas emissions that the organisation makes directly – for example burning fossil fuels for heating for buildings and petrol/diesel vehicles

Scope 2 – Greenhouse gas emissions that the organisation makes indirectly – for example electricity usage

Scope 3 – Greenhouse gas emissions that are the result of activities from assets not owned or controlled by the organisation, but that the organisation indirectly affects in its value chain

tCO₂e – Tonnes of carbon dioxide equivalent

ULEV – Ultra Low Emissions Vehicles

WG – Welsh Government

WLGA – Welsh Local Government Association