

# Decarbonisation Final Report

October 2022

NWSSP Audit and Assurance Services



Partneriaeth  
Cydwasaethau  
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### Acknowledgement

NHS Wales Audit and Assurance Services would like to acknowledge the time and co-operation given by management and staff during the course of this review.

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## 1. Context

- 1.1 The Welsh Government is party to international agreements to reduce carbon emissions and control climate change, most notably those arising from the 2016 Paris Accord.
- 1.2 The “NHS Wales Decarbonisation Strategic Delivery Plan” was published in March 2021, setting interim targets (from a 2018/19 base) of a 16% reduction by 2025 and a 34% reduction by 2030.
- 1.3 In October 2021 the Welsh Government set out its second carbon budget, Net Zero Wales, which confirmed:

“Our ambition is for the public sector to be collectively net zero by 2030”.

*Welsh Government, October 2021*

- 1.4 NHS Wales is also required to comply with the Well-being of Future Generations (Wales) Act 2015. It requires public bodies in Wales to think about the long-term impact of their decisions, to work better with people, communities and each other, and to prevent persistent problems such as poverty, health inequalities and climate change.

## 2. Background

- 2.1 In accordance with the “NHS Wales Decarbonisation Strategic Delivery Plan”, Health Boards, Trusts and Special Health Authorities were required to develop their own Decarbonisation Action Plans (DAP), demonstrating how NHS Wales organisations would implement the Strategic Delivery Plan initiatives. The DAP’s were submitted to Welsh Government in March 2022.
- 2.2 A peer review of DAP strategies was held on 12 July 2022 led by Welsh Government but attended by all NHS Wales organisations. The general conclusions across all plans were:
  - the targets detailed within the plans showed low aspirations;
  - there were concerns associated with their successful delivery, primarily due to resource availability (financial and physical); and
  - there were a small number of issues associated with their compilation/format.
- 2.3 Specific feedback was also provided to each organisation by Welsh Government.
- 2.4 In July 2022, Audit Wales issued their review of Public Sector Readiness for Net Zero Carbon by 2030 (fieldwork conducted between November 2021 and January 2022). The review included an assessment of NHS Wales organisations and concluded that:

“There is clear uncertainty about whether the public sector will meet its 2030 collective ambition. Our work identifies significant, common barriers to progress that public bodies must collectively address to meet the ambition of a net zero public sector by 2030. And while public bodies are demonstrating commitment to carbon reduction, they must now significantly ramp up their activities, increase collaboration and place decarbonisation at the heart of their day-to-day operations and decisions”.

*Audit Wales, July 2022*

- 2.5 In September 2022, Health bodies will be required to make two separate submissions to Welsh Government, the first of these being quantitative (i.e. showing progress against the baseline CO<sub>2</sub> figures set in 2019) and the second qualitative, being a report detailing progress against the DAP.

### 3. Approach

- 3.1 Audits were planned to be undertaken simultaneously across NHS Wales to provide assurance to respective NHS Wales bodies on their arrangements to reduce carbon emissions and control climate change as outlined above. Reviews were not scheduled at Public Health Wales or Health Education and Improvement Wales for 2022/23.
- 3.2 Risks to be considered included:
- Regulatory/legislative risk through not achieving mandated reductions in carbon emissions;
  - Reputational risk by failing to meet emission targets.
  - Failing key stakeholders by not reducing carbon emissions which have a detrimental effect on health, and thereby, not meeting the requirements of the Well-being of Future Generations (Wales) Act (2015).
- 3.3 Having reviewed all DAPs, supporting information for most NHS Wales bodies and fully concluding the fieldwork at five of 11 audits, it was clear that in each instance the implementation plans had not been sufficiently developed to allow meaningful testing and to provide an assurance rating to respective Audit Committees.
- 3.4 Accordingly, the decision was taken to affirm common themes within this report, to provide an overview of the overarching position across NHS Wales. An action plan of common themes is provided at **Appendix A**.
- 3.5 The audit of Decarbonisation arrangements at SBUHB was one of the five fully concluded reviews and accordingly a specific action plan is also provided at **Appendix B**.

## 4. Summary Observations

4.1 While there are variations between the NHS Wales bodies, broadly each is at an early stage of implementation. The following were common themes observed across those reviewed:

### Governance

- Governance arrangements at a strategic level were generally good with senior leadership demonstrated.
- Recruiting to additional operational posts has proven difficult – with the limited appointments to date coming from the existing public sector staff pool. These appointments are key to being able to implement the agreed strategies (see **Management Action 1**).

### Localised strategy

- All NHS Wales organisations supplied their Decarbonisation Action Plan (DAP) by 31 March 2022 detailing their response to the NHS Wales Decarbonisation Strategic Delivery Plan and the 46 associated initiatives.
- WG provided positive feedback to each organisation on their submissions but concluded overall that there were concerns associated with their successful delivery (primarily due to the availability of financial and physical resource), together with low aspirational targets detailed within the plans.
- Few of the strategies had been costed, and none had associated funding strategies – particularly noting that ring-fenced central funding for 2021/22 was £16m with no provision made in 2022/23 (see **Management Actions 2 & 3**).
- In each instance, the decarbonisation strategies were clearly part of corporate planning and included/reflected within the respective Integrated Medium-Term Plans (IMTPs).

### Monitoring & reporting

- Organisations were ISO 14001 accredited ensuring that appropriate Environment Management Systems were in place to manage their environmental performance.
- Each NHS Wales organisation's performance will be assessed against baseline data prepared by the Carbon Trust. Issues have been identified with the baseline data and the disaggregation of the data for reporting purposes. Each organisation should seek assurance on the accuracy of the baseline data (see **Management Action 4**).
- Each NHS Wales organisation should ensure that appropriate engagement is established with NWSSP Procurement Services as a significant contributor to the carbon reductions outlined within respective DAPs and formalise arrangements as appropriate (see **Management Action 5**).

- Each organisation had met its obligations for national reporting to date.
- Internal reporting to date had understandably been limited, with the level of reporting increasing after Welsh Government's review of the DAPs.
- There was therefore a need to fully roll-out the structures to support appropriate monitoring and reporting within the NHS Wales organisations reviewed (see **Management Action 6**).
- It is important that the profile of decarbonisation is increased to reflect the challenge faced, for example general Terms of Reference are reviewed to reflect decarbonisation commitments, and decarbonisation is set as a standard agenda at all appropriate Executive meetings (see **Management Action 7**).
- Potential collaboration should be considered on an All-Wales basis, particularly in relation to consultancy advice and training resource (see **Management Actions 8 & 9**).

### Project delivery

- The Welsh Government Estates Funding Advisory Board (EFAB) oversaw the allocation and delivery of the £16m decarbonisation funding for 2021/22 with each NHS Wales organisation successfully securing funding.
- In each instance, adequate records were retained to support the expenditure and the achievement of the original objectives; Post Project Completion Reports were produced and submitted to WG for all funded schemes.
- No ring-fenced WG capital funding was made available for 2022/23. WG offered up to £60k of revenue funding for schemes, however several NHS Wales organisations' bids could not be supported due to them being considered capital bids (see **Management Action 10**).
- NHS Wales Organisations were also self-funding initiatives from their discretionary programme. It is important that the cost benefit of these schemes is also subject to challenge and scrutiny for inclusion within the overall data (see **Management Action 11**).

## 5. Conclusion

- 5.1 In conclusion, whilst some progress has been observed, this has been restricted by the availability of financial and staff resources. The recommendations made aim to aid management in driving forward the strategies, whilst also highlighting some of the competing pressures/ risks.
- 5.2 It is recommended that an audit is scheduled for early 2023/24 with the proposed scope to include governance, strategy progress and implementation.
- 5.3 Additionally, as part of 2023/24 Internal Audit planning update, discussions will be held with management on the appropriateness of other areas within the decarbonisation programme including, for example:

- Procurement and supply chains;
- Application of “Best practice Pharmaceutical waste practice”;
- Transport;
- Fleet and business travel;
- Staff, patient and visitor travel;
- Catering; and
- People and workforce e.g. training, policies, and working arrangements.

## Appendix A: Common Management Action Plan

Ref.	Recommendation	Management Comment/ Agreed Action	Responsible Officer/ Deadline
MA 1	Appropriate strategies should be developed to ensure that recruitment and retention issues experienced to date do not impact significantly on the achievement of the DAPs.	Noted.	N/A
MA 2	DAPs should be fully costed to fully determine the total funding required.	<p>Agree.</p> <p>However, as raised in SBUHB letter to WG in September UHBs are likely to require expertise to support assessment of DAP costing, emissions reduction and where appropriate cost savings. This would assist with informing investment decisions.</p> <p>Whilst SBUHB DAP is costed where requirements are known the HB has had to invest in and commission feasibility work to better assess unknown costs in some areas. This work may have been more effectively reviewed pan Wales to better understand impact/opportunities e.g. EV charging, fleet vehicles.</p> <p>It should also be noted that the DAP requires significant investment, in particular capital investment and investment in actions that sit out with Health Board control for which it is not possible to fully determine</p>	N/A

Ref.	Recommendation	Management Comment/ Agreed Action	Responsible Officer/ Deadline
		costs; again better understanding of these issues by WG could inform national approaches.	
MA 3	DAPs should be supported by funding strategies e.g. differentiating between local/ national funding, revenue or capital funding etc.	<p>Agree.</p> <p>However it should be acknowledged that internal and external funding sources are largely insufficient to address the scale of investment required.</p> <p>Whilst SBUHB has invested significant time in supporting staff to secure external funding the effort to gain factor is questionable. It may be more beneficial for the national team to identify larger scale schemes funded across all UHBs and/or public sector. SBUHB are happy to participate in defining and delivering such an approach.</p> <p>SBUHB has adopted a funding strategy which pro-actively pursues identification of internal/external revenue and capital monies and alignment of these to the DAP project pipeline. The approach is linked to Sustainability Communication and Engagement Plan and staff have been actively encouraged and supported to secure monies for their projects. However, we are concerned that sustaining staff engagement will become increasing difficult if resources are unavailable and would welcome the development of a national finance strategy and a co-ordinated approach to identification and sharing of funding opportunities.</p>	N/A

Ref.	Recommendation	Management Comment/ Agreed Action	Responsible Officer/ Deadline
		<p>The HB strategic lead has discussed with the National decarbonisation lead opportunities for the HB to work with the team at FDU to share learning from HB projects and support their creation of an FDU Sustainability Vault.</p>	
MA 4	<p>NHS Wales Organisation's baselines should be adequately scrutinised and challenged, as errors and overreporting has been identified in a few examples to date.</p>	<p>Agree.</p> <p>SBUHB raised concern in writing to Welsh Government in September 2022 and within the DAP progress and Emissions reports. At present the HB baseline is unclear and whilst internal work has taken place to clarify this it requires national consideration.</p> <p>It should be noted that using an established baseline to assess progress is only effective when data parameters are consistent. UHBs are trying to re-run their own baseline data against national changes to the data parameters. For UHBs this is time consuming and concerning. Some national co-ordination / support is needed.</p>	N/A
MA 5	<p>As a major contributor to the achievement of the targeted reductions appropriate engagement will be established with NWSSP Procurement Services (and formalised as appropriate).</p>	<p>Agree.</p>	N/A

Ref.	Recommendation	Management Comment/ Agreed Action	Responsible Officer/ Deadline
MA 6	Proposed management/accountability structures should be fully implemented as intended within the DAPs.	Agree.	N/A
MA 7	Where decarbonisation falls within the existing environmental remit of committees/ meetings, it is important that an appropriate profile is set. Terms of Reference and agendas should be reviewed to ensure that sufficient focus is provided.	Agree.	N/A
MA 8	Potential collaboration and common utilisation of decarbonisation resource should be considered on an All-Wales basis, particularly in relation to consultancy advice and training resource.	Agree. See MA2 and MA3	N/A
MA 9	In accordance with the NHS Wales Decarbonisation Strategic Delivery Plan, HEIW/ collaborative training should be commissioned on an All-Wales basis to provide both common and tailored decarbonisation training.	Agree. To facilitate ease of engagement for UHBs and levels of up-take for staff the training should be embedded into mandated ESR programme.	N/A

Ref.	Recommendation	Management Comment/ Agreed Action	Responsible Officer/ Deadline
MA10	Given the scarcity of funding, it is important that bids for funding are appropriately considered prior to submission.	Agree. See MA2 and MA3	N/A
MA11	The same rigour and monitoring should be applied to internally commissioned/ funded initiatives to ensure the outcomes are adequately recorded/reported.	Agree. See MA2 and MA3 The level of monitoring should be aligned to / comparable with the scale of funding to avoid any unnecessarily onerous processes.	N/A

## Appendix B: SBUHB Specific Management Action Plan

Ref.	Recommendation	Management Comment/ Agreed Action	Responsible Officer/ Deadline
SBUHB 1	The Terms of Reference for the Decarbonisation Implementation Group should identify the Senior Responsible Officer for this scheme or those with responsibility for delivery of the plan.	COMPLETE The DIG ToRs reflect the SRO and references the Decarbonisation Delivery Plan 2022-2024 as the data source for agreed action owners with responsibility for delivery.	Kerry Broadhead (Assistant Director of Commissioning and Sustainability)
SBUHB 2	Duties should be defined and accepted for key positions.	ACTION: the DIG ToRs will be refreshed at next review with duties of key members	Kerry Broadhead (Assistant Director of Commissioning and Sustainability)  April 2023
SBUHB 3	A decarbonisation risk register should be developed to consolidate all decarbonisation risks.	COMPLETE The DIG RAID Log includes a risk register linked to the delivery status RAG ratings for the decarbonisation action plan.	Kerry Broadhead (Assistant Director of Commissioning and Sustainability)
SBUHB 4	Moving forward, accountability must be assigned for delivery of the separate local action plans.	COMPLETE The decarbonisation action plan includes action owners for all actions including local actions.	Kerry Broadhead (Assistant Director of Commissioning and Sustainability)



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