

Decarbonisation Final Report

October 2022

NWSSP Audit and Assurance Services



Partneriaeth
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Gwasanaethau Archwilio a Sicrwydd
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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 CO₂ 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 HDUHB was one of the five fully concluded reviews and accordingly a specific action plan is 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 resource. 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.	This is agreed. The re-appointment of the Programme Manager to support the Decarbonisation programme is being arranged.	Executive Director of Strategic Development & Operational Planning / January 2023
MA 2	DAPs should be fully costed to fully determine the total funding required.	The HB DAP plan was one of the few to identify early funding need to enable us to deliver early win projects, develop design feasibility that will inform the DAP funding costs and investment strategy going forward. The HB to continue to explore opportunities to secure funding to support this work;	Executive Director of Strategic Development & Operational Planning / DAP plan to align to funding opportunities and be targeted to meet targets for 2025 and 2030

Ref.	Recommendation	Management Comment/ Agreed Action	Responsible Officer/ Deadline
MA 3	DAPs should be supported by funding strategies e.g. differentiating between local/national funding, revenue or capital funding etc.	This is agreed and linked to above development of the DAP costings and investment strategy development.	Executive Director of Strategic Development & Operational Planning / To be aligned to meet targets for 2025 and 2030
MA 4	NHS Wales Organisation's baselines should be adequately scrutinised and challenged, as errors and overreporting has been identified in a few examples to date.	This is agreed. There is a requirement for Welsh Government to establish a fixed baseline that will better supports HBs to target set and reduce risk of reporting inaccuracies.	Director of Finance / Linked to WG annual reporting requirements
MA 5	As a major contributor to the achievement of the targeted reductions appropriate engagement will be established with NWSSP Procurement Services (and formalised as appropriate).	This is agreed. There was previous representation from NWSSP on the Task Force, but left the role. New	Deputy Head of Procurement / November 2022

Ref.	Recommendation	Management Comment/ Agreed Action	Responsible Officer/ Deadline
		representation being sought.	
MA 6	Proposed management/accountability structures should be fully implemented as intended within the DAPs.	New Terms of Reference being established to update on structure and accountabilities. Update and seek approval from SRC in November 22	Executive Director of Strategic Development & Operational Planning / November 2022
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.	See action above.	Executive Director of Strategic Development & Operational Planning / October 2022
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.	This is agreed.	Executive Director of Strategic Development & Operational Planning / Ongoing action

Ref.	Recommendation	Management Comment/ Agreed Action	Responsible Officer/ Deadline
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.	This is agreed. The HB to utilise to the WG / PHW Carbon Awareness documentation once this is established	Executive Director of Strategic Development & Operational Planning / Subject to external timescales, but this will continued to be monitored
MA10	Given the scarcity of funding, it is important that bids for funding are appropriately considered prior to submission.	Agreed / all opportunities for funding will continue to be explored	Executive Director of Strategic Development & Operational Planning / ongoing
MA11	The same rigour and monitoring should be applied to internally commissioned/ funded initiatives to ensure the outcomes are adequately recorded/reported.	This is agreed.	Executive Director of Strategic Development & Operational Planning / ongoing

Appendix B: HDUHB Specific Management Action Plan

Ref.	Recommendation	Management Comment/ Agreed Action	Responsible Officer/ Deadline
HDUHB 1	Management should minute Decarbonisation Task Force meetings as a formal record of key discussion and decisions made; and to demonstrate that appropriate challenge/ scrutiny is demonstrated.	The Group agreed to record formal action logs at each meeting;	Programme Manager / Ongoing
HDUHB 2	The acceptance of the key roles and the associated defined responsibilities and accountabilities should be formally acknowledged with certification as set in the Terms of Reference.	Terms of Reference revised to reflect the group's structure and responsibilities	Executive Director of Strategic Development & Operational Planning/ November 22
HDUHB 3	Management should adapt and update the existing risk management tool to bring together the various risks associated with the implementation of the decarbonisation agenda.	This is agreed and is a continued agenda item on the Task Force Group. Decarbonisation risk to be re-established via the Datix system	Head of Property Performance / Nov 22
HDUHB 4	The Health Board should, as a matter of priority, ensure the following from the Decarbonisation Action Plan is fully realised:	Submitted the Delivery Plan to Board for approval – Board approval provided 29 th	Executive Director of Strategic Development & Operational

Ref.	Recommendation	Management Comment/ Agreed Action	Responsible Officer/ Deadline
	<i>Delivery Plan to be developed into detailed and costed departmental actions plans, in areas of transport, procurement, buildings and wider healthcare; and build responsibility for delivery across the organisation through divisional action plans and workstreams aligned with mapped objectives– assigning specific projects as required.</i>	September. The HB DAP was the few plans to identify early funding need to enable us to deliver early win projects, develop design feasibility that will inform the DAP funding costs and investment strategy going forward. The HB to continue to explore opportunities to secure funding to support this work;	Planning / DAP plan to align to funding opportunities and be targeted to meet targets for 2025 and 2030
H DUHB 5	The terms of reference for the Sustainable Resources Committee should be updated to reflect its role in receiving assurance on the Health Board's Decarbonisation Strategy. In addition, the Committee's programme of work for the current financial year needs to incorporate this responsibility in order that it becomes a scheduled agenda item at appropriate intervals.	New Terms of Reference drafted and submitted for approval for the next Sustainable Resource Committee in November.	SRC / November 22



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