

Mrs Wendy Walters
Chief Executive
Carmarthenshire County Council
County Hall
Carmarthen
SA31 1JP

24 Cathedral Road / 24 Heol y Gadeirlan
Cardiff / Caerdydd
CF11 9LJ
Tel / Ffôn: 029 2032 0500
Fax / Ffacs: 029 2032 0600
Textphone / Ffôn testun: 029 2032 0660
info@audit.wales / post@archwilio.cymru
www.audit.wales / www.archwilio.cymru

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Dear Wendy

Assurance and Risk Assessment Progress Update – Carbon Reduction

Following on from our meeting with Corporate Management Team earlier this year we said that we would more formally feedback on some specific aspects of our assurance and risk assessment work that we have undertaken. This letter provides a progress update on the Council's arrangements for carbon reduction.

This work was undertaken as part of our 2021-22 Assurance and Risk Assessment project to help discharge the Auditor General's duties¹.

¹ These duties include under section 17 of the Public Audit (Wales) Act 2004 (the 2004 Act). It may also inform a study for improving value for money under section 41 of the 2004 Act, and/or an examination undertaken by the Auditor General under section 15 of the Well-being of Future Generations (Wales) Act 2015.

This feedback provides a point in time assurance and risk progress update on the Council's arrangements in this area. Overall, we found that:

The Council demonstrates a strong organisational commitment to carbon reduction and has a published action plan, but this plan is not costed and does not identify the funding required to deliver all the activity within the plan

Context

In July 2022, the Auditor General published Public Sector Readiness for Net Zero Carbon by 2030, which looked at decarbonisation actions in 48 public bodies, including all councils. This report found uncertainty that the collective ambition for a net zero public sector by 2030 will be met. Our work identified significant, common barriers to progress that public bodies must collectively address to meet the collective ambition. We found that while public bodies are demonstrating commitment to carbon reduction, they must now significantly ramp up their activities, increase collaboration and place decarbonisation at the heart of their day-to-day operations and decisions.

In the report, the Auditor General makes the following five calls for action from public bodies:

- Strengthen your leadership and demonstrate your collective responsibility through effective collaboration;
- Clarify your strategic direction and increase your pace of implementation;
- Get to grips with the finances you need;
- Know your skills gaps and increase your capacity; and
- Improve data quality and monitoring to support your decision making.

The following paragraphs set out the findings of our local audit work on the Council's decarbonisation action plan. These findings sit within the wider context of the Auditor General's July 2022 report that calls for increased pace and stronger leadership across Wales in reducing carbon emissions.

What we looked at

We undertook an assessment of the Council's arrangements to develop and deliver its Decarbonisation Plan between May and August 2022. We gathered evidence

through interviews, document reviews and the Council's returned Call for Evidence for our Decarbonisation Baseline Review.

What we found

The Council declared a climate emergency in February 2019 and published its plan, 'Route towards becoming a Net Zero Carbon Local Authority by 2030' (the Net Zero Plan) in 2020. This Net Zero Plan clearly sets out the Council's ambitions in this area. The desire to achieve net zero by 2030 is also included in its Cabinet Vision Statement 2022–2027 and in the Council's Corporate Plan.

Currently, the Council has not costed this plan. Without a costed action plan that clearly defines the activity and funding required to reach net zero, and that is aligned to its Medium-Term Financial Plan, there is a significant risk that the Council will not meet the Welsh Government target of net zero emissions by 2030.

The Council has clear political and executive structures in place that reflect its organisational commitment to carbon reduction. This includes a new Cabinet portfolio of Climate Change, Decarbonisation and Sustainability. This role is designed to provide the political leadership for this agenda. The Council has a Decarbonisation Steering Group which brings together different service areas. This group is responsible for setting and monitoring targets and identifying funding streams to support delivery of projects. It has lead officers in place and clear reporting lines through to the Council's Corporate Management Team. As part of the Climate Emergency declaration, the Council also proposed to set up a cross-party advisory panel to be chaired by the relevant Cabinet Member. The Council's new Head of Service role, Head of Place and Sustainability, has been given corporate lead responsibility for this agenda and the Council has funded four officer posts to support its carbon reduction work and the wider climate change agenda.

Activity that contributes to reducing carbon emissions features in a number of the Council's department business plans. Becoming a net zero carbon authority by 2030 is one of three strategic priorities for its Environment Department. Two of the significant contributory Council services that it has identified as needing to reduce carbon emissions are fleet management and the household waste collection service.

The Council is working with other organisations on decarbonisation. The Chief Executive sits on the national Local Government Decarbonisation Strategy Panel as the regional representative. Seven of the actions listed in the Council's Net Zero Plan focus on collaboration with Welsh Government, the Public Service Board, Swansea Bay City Deal, and private and third sector partners.

The Council is engaging with Councillors and officers on its carbon reduction agenda. Training on climate change has been provided to Councillors, and it is also developing a carbon literacy session. Both sessions will also be made available to officers too. This training is being supported by internal engagement and assurance sessions which are designed to support buy-in from services to corporate priorities that will reduce carbon emissions. The Council is also engaging with staff through briefing notes and seminars to raise awareness and understanding of this agenda and the activity being undertaken by the Council in this area.

The Council has clear reporting and monitoring arrangements in place for its Net Zero Plan. The Council has produced annual progress reports in both 2021 and 2022. These reports included emissions data which is reported to Welsh Government, and progress against actions. The Council's Corporate Strategy, which includes its carbon net zero ambitions within the Environment objective, states that all action plans included will be monitored and reported on a quarterly basis to Management Teams, Cabinet and Scrutiny Committees. The Council's carbon reduction activity features heavily within the environment objective.

Actions included in the Council's Net Zero Plan feed into the objectives included in its departmental business plans. All objectives include a timeline for progress and achievement, and a corporate owner. The objectives include individual actions supporting them eg identifying land holdings for potential renewable energy development and engaging with schools to support local de-carbonisation.

The Council has included net zero carbon in its Corporate Risk Register. The high level risk identified is, 'failure to deliver the Council's commitment to become a net zero carbon local authority by 2030'. The Council's Risk Register, in February 2022, measured the uncontrolled risk rating as 'significant' and the current risk rating as 'high'.

Recommendations

Exhibit 1 recommendations

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

Recommendation
R1 In order to meet its net zero ambition the Council needs to fully cost its action plan and ensure that it is aligned with its Medium-Term Financial Plan.

Yours sincerely,

Audit Wales