

Decarbonisation Final Report

November 2022

NWSSP Audit and Assurance Services



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Shared Services
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Bwrdd Iechyd Prifysgol
Cwm Taf Morgannwg
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Contents

1.	Context.....	3
2.	Background.....	3
3.	Approach.....	4
4.	Summary Observations	5
5.	Conclusion.....	6
	Appendix A: Common Management Action Plan.....	8

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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 and 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 Also 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**.

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:

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- 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.	Agree. The decarb portfolio is currently being managed within existing roles – CTM do not have a specific role for this agenda. The portfolio is being managed across planning, estates and facilities, communications and engagement, public health, and procurement, with oversight and SRO status conferred to the Director of Strategy and Transformation. We have funding from WG for one day a week admin support until 31/3/23. Due to the financial situation facing CTM it is unlikely that any further recruitment to support this portfolio will be possible in the near future, unless external funding was identified. An attempt was made to create a shared role with a Local Authority, but they were unable to commit.	Executive Director of Strategy & Transformation/ongoing
MA 2	DAPs should be fully costed to fully determine the total funding required.	Agree. As projects within the DAP are considered for implementation, they are costed to understand the financial impact. CTMUHB needs to work with partners to achieve this, as not all projects are for the HB to deliver. The costing in some areas is complex as it is not always clear how to cost the work. This work would benefit from a dedicated person(s) due to the complexity, but as set out above, additional recruitment is unlikely. This may have an impact on the full costing of the DAP.	Head of Finance/ongoing

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.	Agree. As above. CTMUHB is aware of accessing national funds where possible to support the delivery of the DAP in conjunction with our partners. However, due to the financial situation of the HB, it is likely there will be some challenging conversations moving forward in regard to what can/can't be delivered in the short – medium term.	Head of Finance/ongoing
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.	Agree. CTMUHB wrote to WG on the 9/9/22 outlining our concerns regarding this. To date, we have yet to receive a response. CTMUHB would also like to raise the difference in carbon emission reporting between EFPMS annual utilities emissions (via a form they use within NWSSP/estates) and the carbon emission template which has different formulas for WG reporting. Therefore, we are reporting two different figures regarding building emission calculations and would appreciate a national position on this.	Deputy Director of Strategy & Partnerships to follow up with (WG) by March 2023
MA 5	As a major contributor to the achievement of the targeted reductions appropriate engagement will be established with NWSSP	Agree. CTMUHB have invited the Head of Sustainability and Net Zero Management (NWSSP) to our environmental sustainability	Deputy Director of Strategy & Partnerships/in progress

Ref.	Recommendation	Management Comment/ Agreed Action	Responsible Officer/ Deadline
	Procurement Services (and formalised as appropriate).	board to provide national input/ oversight re procurement chain	
MA 6	Proposed management/accountability structures should be fully implemented as intended within the DAPs.	Agree. The decarbonisation agenda is managed through our newly established environmental sustainability board. This reports into the CTM Transformation Board which has oversight of the entire transformation portfolio and is chaired by the CEO of the HB.	Executive Director of Strategy & Transformation and Deputy Director of Strategy & Partnerships/in progress
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. This agenda is being reported into a board sub-committee – the Population Health and Partnerships committee and their TOR and reporting mechanisms reflect this.	Executive Director of Strategy & Transformation and Deputy Director of Strategy & Partnerships/complete
MA 8	Potential collaboration and common utilisation of decarbonisation resource should be considered on an All-Wales basis, particularly in relation to	Agree. CTMUHB are happy to collaborate on an all-Wales basis. Through the HSCCE programme funding allocation, our WOD team have developed an e-learning resource package which is soon to be launched on ESR. This has been led by Learning &	Learning & Organisational Development Manager/in progress

Ref.	Recommendation	Management Comment/ Agreed Action	Responsible Officer/ Deadline
	consultancy advice and training resource.	Organisational Development Manager and the product has been offered to all UHBs in Wales. As set out above we attempted a local partnership but were unsuccessful. Alignment of national messaging would help with this.	
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. CTMUHB are represented on the HEIW group which is specifically looking at decarb training.	Learning & Organisational Development Manager/In progress
MA10	Given the scarcity of funding, it is important that bids for funding are appropriately considered prior to submission.	Agree. Noted and will be actioned as appropriate.	Head of Finance/in progress
MA11	The same rigour and monitoring should be applied to internally commissioned/ funded initiatives to ensure the outcomes are adequately recorded/reported.	Agree. Due to the focus on delivering high quality service developments and CTMUHB current financial position, all new initiatives are subject to high levels of rigour and scrutiny. iCTM are exploring the addition of decarbonisation	Head of Finance & Head of PMO- in progress

Ref.	Recommendation	Management Comment/ Agreed Action	Responsible Officer/ Deadline
		measures/impact within the HBs business case template to try to improve how the decarb impact is captured.	



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