

Decarbonisation

Final Internal Audit Report

February 2024

Welsh Ambulance Services NHS Trust

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Audit and Assurance Services conform with all Public Sector Internal Audit Standards as validated through the external quality assessment undertaken by the Chartered Institute of Public Finance & Accountancy in April 2023.

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Executive Summary

Report Opinion

	Trend
 <p>Limited More significant matters require management attention.</p> <p>Moderate impact on residual risk exposure until resolved.</p>	N/A

Assurance summary¹

Objectives	Assurance
1 Governance	Reasonable
2 Localised Strategies	Limited
3 Funding Strategy	Limited
4 Monitoring and Reporting	Reasonable
5 Project Delivery	Reasonable

Purpose

The NHS in Wales faces unprecedented challenges balancing the management of the delivery of the decarbonisation agenda and associated risks, against other competing priorities and within existing funding constraints.

The primary source of funding being Estates Funding Advisory Board (EFAB) and the requirement for the Trust to contribute 30% from their discretionary funding.

The audit sought to consider progress against the NHS Wales Decarbonisation Strategic Delivery Plan and the Trust's Decarbonisation Action Plan - demonstrating how the Trust will implement the NHS Wales Decarbonisation Strategic Delivery Plan initiatives.

It is recognised that prior to the development of the Strategic Delivery Plan, NWSSP commissioned a Carbon Footprint assessment for the whole of NHS Wales (2018/19). This assessment influenced the approach set out in the Strategic Delivery Plan and provides the initial baseline emissions data for target setting.

Overview

We recognise the significant work the Trust has been undertaking across all directorates to address the requirements of the Decarbonisation Strategic Delivery Plan., However, given the complexity and range of risks associated with this area, and noting that these cannot be managed by the Trust within the existing funding, to meet the targets set by the Welsh Government, an overall **limited** assurance has been determined. Further, recognising the financial shortfalls and being cognisant of the wider financial pressures across NHS Wales, the risks associated with the achievement of the Decarbonisation Action Plan and the ability to deliver on the wider decarbonisation agenda will be a challenge going forward and tough choices will need to be made by the Trust.

This assurance opinion is in line with that determined across NHS Wales, given the common challenges faced by each organisation.

Further matters arising (see **Appendix A**) concerning the areas for refinement and further development have also been noted including:

- Completion of the risk register, at both Programme and Corporate level, and ongoing regular review of the risk register; and
- Review of the membership at Decarbonisation Programme Board noting the number of apologies / non-attendance recorded.

¹ The objectives and associated assurance ratings are not necessarily given equal weighting when formulating the overall audit opinion.

Key Matters Arising

		Objective	Control Design or Operation	Recommendation Priority
1	Attendance at Decarbonisation Programme Board	1	Operation	Medium
2	Delivery of the DAP	1, 2, 3	Operation	High
3	Risk Management	2, 3	Operation	Medium
4	Funding Strategy	3	Design	High

1. Introduction

- 1.1 The Welsh Government is party to international agreements to reduce carbon emissions and control climate change, most notably as arising from the 2016 Paris Accord. Accordingly, they have sought to create a framework of controls, guidance and support to achieve these aims.
- 1.2 The Welsh Government declared a climate emergency in 2019 and committed to achieving a Net Zero public sector by 2030.
- 1.3 The *NHS Wales Decarbonisation Strategic Delivery Plan* was published in March 2021 and responds to the climate emergency declaration and recognises that the NHS has a critical role to play in contributing towards this target as the largest public sector organisation in Wales.
- 1.4 The plan sets interim targets for the whole of the NHS (from a 2018/19 base) of carbon budget reduction of 16% by 2025 and 34% by 2030.
- 1.5 Category targets were also set for:
 - Buildings;
 - Procurement;
 - Fleet and business travel; and
 - Staff, patient, and visitor travel.
- 1.6 All Wales activity support streams have been created, including Estates planning, and approaches to healthcare.
- 1.7 The Welsh Government has made funding available NHS-wide of circa £8.1m (which includes each organisation matching 30% of the WG contribution from their own discretionary programme) for decarbonisation initiatives via the Estates Funding Advisory Board in both 2023/24 and 2024/25
- 1.8 This audit seeks to build upon our advisory review undertaken in 2022/23, which identified that the implementation plans had not been sufficiently developed to allow meaningful testing and to provide an assurance rating to respective Audit Committees. Accordingly, the decision was taken to provide an overview of the overarching position across NHS Wales and provide an action plan of common themes which were considered by the Trust. Noting the advisory nature of the report, the recommendations were not included formally on the Trust's Internal Audit recommendation tracker; however, we have included updates on some of the recommendations (where relevant) within the body of this report which demonstrates that they are being taken forward by the Trust.
- 1.9 The risks considered during the review were:
 - Regulatory/legislative risk through not achieving mandated reductions in carbon emissions;
 - Reputational risk by failing to meet emission targets; and

- Failing key stakeholders by not reducing carbon emissions which have a detrimental effect on health and, not meeting the requirements of the Wellbeing of Future Generations Act (2016).

1.10 The wider role of NWSSP Procurement, in the decarbonisation agenda, has not been audited as part of this review.

2. Detailed Audit Findings

2.1 The table below summarises the recommendations raised by priority rating:

	Recommendation Priority			Total
	High	Medium	Low	
Control Design	1	-	-	1
Operating Effectiveness	1	4	-	5
Total	2	4	-	6

2.2 Our detailed audit findings are set out below. All matters arising and the related recommendations and management actions are detailed in **Appendix A**.

Objective 1: Appropriate governance arrangements have been established in relation to decarbonisation that integrate with existing organisational accountability and reporting structures.

2.3 Our national report for 2022/23 highlighted that internal reporting had been limited, and that there was therefore a need to fully roll-out the structures to support appropriate monitoring and reporting within NHS Wales organisations. It is evident that progress to establish sound governance arrangements in respect of decarbonisation has been made at the Trust in recent months.

2.4 The governance framework includes:

- A Decarbonisation Programme Board (see para 2.6);
- Operational Groups within the existing structure (see paras 2.7 & 2.43);
- Representation at Committee level (see para 2.8); and
- Representation at Board level.

2.5 Applying project management principles, an approved Project Initiation Document (PID), outlining the scope of the Decarbonisation Programme and the relationship between the Programme Management Team and Corporate Management at the Trust is in place; and has been updated regularly to reflect the dynamic nature of the decarbonisation agenda at the Trust.

2.6 The Decarbonisation Programme Board was established in January 2023 and acts as a central forum for senior management across the Trust to oversee the Decarbonisation agenda. The Programme Board is chaired by the Director of

Partnerships and Engagement, with the Director of Finance and Corporate Resources also named as the Senior Responsible Officer. The terms of reference have recently been agreed (August 2023) by Programme Board members and state that meetings will be held quarterly. Four meetings have been held to date and an action log is in operation to monitor and manage the agreed actions from each meeting; however, from review of the minutes, attendance appears to be a challenge noting the number of apologies and non-attendance recorded. **See MA1.** Management recognise this issue but also note it is one of their better attended meetings.

- 2.7 Fleet, Estates and other operational groups (where relevant) feed into the Decarbonisation Programme Board (also see para 2.43).
- 2.8 The Decarbonisation Programme Board reports to the Capital Management Board, with the Finance and Performance Committee having a further oversight role. Decarbonisation initiatives, alongside the Trust's IMTP, are also considered at the Strategic Transformation Board, which meets on a quarterly basis.
- 2.9 The Programme Board is responsible for recommending and monitoring the developments and delivery of the Trust's Decarbonisation Action Plan (DAP). It represents, at managerial level, the business user and supplier interests of the programme and is the decision maker responsible for the commitment of resources (staff, money, equipment etc.). It is also responsible for the management and review of the decarbonisation risk register. For further details in relation to risk management, refer to **audit objective 2**.
- 2.10 Our prior year report raised that recruiting to additional operational posts has proven difficult across Wales, with the limited appointments to date coming from the existing public sector staff pool. Noting that these appointments are key to being able to implement the agreed strategies, it is positive to note that the Trust has not experienced these issues. An internal team structure for meeting the decarbonisation initiatives has been established. Executive leadership is provided by the Director of Finance and Corporate Resources, who is supported by the Fleet Manager and Assistant Director of Capital and Estates. The latter is further supported by the Head of Capital Development (with Project and Programme Managers) and Head of Estates and Facilities (with an Environmental & Sustainability Manager and Officer). There were no vacancies in the internal structure at the time of audit, however we acknowledge that three of the nine members of the team had been in post for a relatively short period of time (at the date of fieldwork, less than a year).
- 2.11 Roles and responsibilities in respect of decarbonisation obligations were not explicitly stated in individuals' job descriptions; but are referenced in the DAP for ownership of actions. The efficacy of monitoring arrangements occurs when the DAP is reviewed at Decarbonisation Programme Board. The DAP, at the date of fieldwork (V6, October 2023) has assigned owners for all bar one actions. The exception is linked to the NHS expenses system which is outside of the control of the Trust and has been raised at the National Programme Board.

- 2.12 Regular reporting and liaison with Welsh Government and NWSSP was evident. For further details in relation to the reporting arrangements in place, refer to **audit objective 4**.
- 2.13 In respect of training, there is an All Wales 'Environmental, Waste & Energy' e-learning module on ESR that staff can complete. This isn't a mandatory training module therefore compliance isn't monitored. The Environment & Sustainability Manager advised that they had attended the carbon literacy training by 'Ystadau Cymru'. Our prior year report noted that 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. We understand that HEIW is currently developing a suite of training to address this requirement, therefore no recommendation has been raised at this report.

Conclusion:

- 2.14 Appropriate governance arrangements have been put in place to enable the Trust to progress towards the achievement of its decarbonisation targets. Owners are assigned to each of the actions included within the DAP and we note that guidance is being sought at a national level for the one action that is outside of the control of the Trust; and this will continue to be monitored by the Decarbonisation Programme Board. Noting that the challenges of attendance at this Board need to be addressed, we have assigned **reasonable** assurance to this objective.

Objective 2: A tailored decarbonisation strategy and action plan has been developed in accordance with available legislation and guidance; documents have been appropriately scrutinised and approved prior to submission to Welsh Government; and the strategy and plan are adequately reflected within wider organisational documentation such as the IMTP.

- 2.15 As noted in para 2.9, a DAP has been developed. The current version (V6, October 2023) outlines how the Trust will meet the requirements of the national NHS Wales Decarbonisation Strategic Delivery Plan; and is subject to a quarterly review at the Decarbonisation Programme Board. There are currently 144 actions detailed for the Trust to address; but we acknowledge that exemptions (61), as determined by the NWSSP Decarbonisation Co-ordination Reporting (DCR) Group, have been applied thus reducing the applicable actions to 83.
- 2.16 Alongside the generic objectives requiring completion by all NHS Wales organisations, the Trust was also provided with additional objectives within the national NHS Wales Decarbonisation Strategic Delivery Plan directed solely at fleet. We note that this is the biggest challenge for the Trust, accounting for circa 80% of its emissions.
- 2.17 Challenges to the achievement of the objectives in respect of fleet are as follows:
- Capital funding for the annual fleet replacement programme has reduced;
 - The Fleet Manager has advised that 77 NEPTS vehicles are due for replacement based on age profile;

- Hybrid / electric vehicles are more expensive (recognising that the Trust needs to strike a balance between prioritising reducing its emissions but also maintaining the number of vehicles in its fleet to meet service demand);
- Lead times for ordering vehicles are unpredictable and often lengthy following the pandemic (circa 18 months);
- The technology for emergency ambulances is not available at present. Trials in London for an electric emergency ambulance have not been successful; and
- The infrastructure for electric charge points for commercial vehicles (emergency ambulances) is not in place and there are concerns that the grid may not be able to support them.

2.18 The current RAG status of the delivery against DAP is reported to be 'amber', noting that 13% of the remaining applicable actions are rated red (urgent attention required) and 43% are rated amber (some attention required). This, however, is an improvement on the 'red / amber' status which was the starting point. The Trust has highlighted that the financial shortfalls (see audit objective 4) will impact on the organisation's ability to make further progress on the DAP.

2.19 The RAG status of the Trust's overall confidence of delivering the target reduction in emissions by 2025 is currently reported to be 'amber', again, an improvement against the previous status which was 'red'. However, there remains a real risk that the Trust may not be able to contribute effectively to the NHS carbon reduction targets and the Welsh Government's ambition for public sector carbon neutrality by 2030. See **MA2**.

2.20 The NHS Wales Carbon Footprint 2018/19 influenced the approach set out in the Strategic Delivery Plan and provides the initial baseline emissions data for target setting. However, as noted in our prior year report, issues were identified with the baseline data and the disaggregation of the data for reporting purposes. We, therefore, recommended that each organisation should seek assurance on the accuracy of the baseline data.

2.21 Carbon emissions reported for 2022/23 have seen a significant increase in value, as has been faced by all NHS Wales organisations, and this has been due to a change in the data collection by Welsh Government and the inclusion of aspects of emissions data which were previously not applicable. The following table sets out the variations across key categories:

Category	2022/23 Kg CO ₂ e	2022/21 Kg CO ₂ e	Difference Kg CO ₂ e
Medical Gases	739,904,200	n/a	n/a
Fluorocarbonated Gas	971,686	n/a	n/a
Fleet Fuel	13,039,762	13,066,596	(26,834)
Electricity	855,981	951,327	(95,346)
Water	2,654	2,604	50
Gas/LPG	605,076	732,989	(127,914)

Business Miles	543,227	503,687	39,540
Domestic Waste	39,767	48,751	(8,984)
Fleet Waste	781	639	142
Commuting & homeworking	283,737	275,193	8,544
Land sequestration	-14,535	n/a	(14,535)
Supply chain	17,146,514	16,759,929	386,585
Total	773,378,849	32,341,716	
Renewables	(27,312)	(4,117)	(23,195)

- 2.22 Whilst continuing to report in accordance with Welsh Government requirements, the Trust is investigating alternative methods for calculation. At the Welsh Government Estates Engagement Forum (May 2023) it was reported that *'lack of clarity relating to the 2018/19 carbon reduction benchmark has seen WAST develop its own for clarity. Using the Aether reporting schedule for 2021/22, previous years data has been used to develop an acceptable baseline for comparison'*. The Environment and Sustainability Manager confirmed that the Trust's calculations of carbon emissions using this alternative method has been reported to both Welsh Government and NWSSP DCR Group. No further feedback has been provided; and there has been no formal notification of a change to the baseline figures for the Trust. Recognising that feedback is awaited on this revised baseline calculation, and that it has been recognised as a high-rated risk which continues to be highlighted to the Decarbonisation Programme Board and the Finance & Performance Committee, no recommendation has been raised.
- 2.23 We recognise that in addition to challenges with its fleet (see para 2.17), there are wider challenges that the Trust faces, as it evolves in line with its long-term strategy 'Delivering Excellence', in the achievement of its DAP. These have been effectively reported in the risk register and are subject to routine scrutiny/appropriate mitigating actions including:
- lack of funding;
 - increasing workforce which may result in increased carbon emissions;
 - restraints with its existing estate (e.g., older buildings / stations are not sustainable buildings and therefore require further investment);
 - management of shared buildings noting circa 40% of the Trust's estate is shared (e.g., with the police / fire services or with health boards); and
 - changes to emissions reporting (e.g., medical gases were previously omitted). Whilst we appreciate medical gases are not part of the DAP, their inclusion in reporting will increase the Trust's reported carbon emissions and, as per para 2.19, impact the Welsh Government's ambition for carbon neutrality by 2030. We note that this latter change has not been explicitly captured on a Trust risk register. See **MA3**.
- 2.24 We note that decarbonisation is linked to each of the strategic ambitions in the IMTP. In terms of wider strategies and policies, we also note that an Environment

Strategy 2020-2025 has been developed alongside the Trust's DAP, which aligns to the requirements of the NHS Wales Decarbonisation Strategic Delivery Plan.

- 2.25 In respect of risk management, a Decarbonisation Programme Board risk register was initially developed in March 2023 and is monitored via the Trust's Decarbonisation Programme Board. It was updated in August 2023 and includes 25 open risks, eight of which have a score of 25. From review of the register we noted that the column 'Date Closed / Next Update Due' was incomplete throughout the risk register. Although we recognise that these risks are active risks, we considered that a date for 'next update due' may be recorded to facilitate effective, proactive monitoring of each risk. **See MA3.**
- 2.26 Recent changes to the Trust's requirement to include medical gases within its carbon emissions reporting should also be captured within a Trust risk register – see para 2.19.
- 2.27 As reported to the Finance and Performance Committee, given the complexity and range of risks within this work, a programme level risk management approach has been adopted. Work continues to articulate the level of corporate risk for consideration at Board level and we note that discussions have been ongoing, since July 2023, in respect of the development of Risk 542: *Failure to deliver the Welsh Government NHS Wales Decarbonisation Strategic Delivery Plan*. **See MA3**

Conclusion:

- 2.28 A Decarbonisation Action Plan (which is also the Trust's Decarbonisation Strategy) has been developed and approved by the Trust; and reported to Welsh Government in accordance with the requirements of NHS Wales Decarbonisation Strategic Delivery Plan. The risk register is reviewed and updated at the Decarbonisation Programme Board; however, work is required to finalise the decarbonisation programme risk for inclusion in the Corporate Risk Register. We recognise that the Trust's carbon footprint had increased in value (as is the same for all NHS Wales organisations) since the initial baseline assessment, as a result of the inclusion of aspects of emissions data which were previously not applicable. As recommended in our prior year report, the Trust is investigating alternative methods for calculation of emissions but these have yet to be approved by Welsh Government. Current reporting indicates that there remains a real risk that the Trust may not be able to contribute effectively to the NHS carbon reduction targets and the Welsh Government's ambition for public sector carbon neutrality by 2030.. Accordingly, we have assigned **limited** assurance.

Objective 3: An appropriate funding strategy targeting discretionary, EFAB and All-Wales funding is in place.

- 2.29 As recommended in our prior year report, DAPs should be supported by funding strategies e.g., differentiating between local/national funding, revenue or capital funding. Management advised that an initial 10-year capital cost estimate had been provided to Welsh Government, along with some high-level specific estimates of costs of the delivery of the DAP itself and noted that some elements couldn't yet be accurately costed. The Trust continues to prioritise schemes and bid for

additional resources against existing funding streams; however, there remains a material risk that such is unaffordable noting the current financial climate and considering total funding requirements across NHS Wales. **See MA4**

- 2.30 EFAB funding of £2.1m was allocated to the Trust for fire, infrastructure and decarbonisation, for the period 1 April 2023 to 31 March 2025, of which the Trust contributes 30% (£630k). A number of EFAB funded schemes were underway at the Trust, for which business cases were submitted and approved by Welsh Government, with those specifically identified as decarbonisation totalling £568.8k for 2023/24. Welsh Government had funded 70% (£398.2k) and the Trust had funded 30% (£170.6k) from its discretionary capital. Refer to **audit objective 5** for further details.
- 2.31 For 2024/25 the Trust has been successful in obtaining £417.5k of funding under the EFAB scheme to introduce more decarbonisation workstreams totalling £596.4k (inclusive of the Trust's 30% contribution). This work will include the installation of solar PV panels, battery storage and EV charging infrastructure at seven sites; and roof replacements at three sites.
- 2.32 We note that for 2023/24, decarbonisation projects were not included in the discretionary capital funding allocation following a prioritisation exercise led by the Executive Director of Finance and Corporate Resources and noting the limited funds available.
- 2.33 The 2023/24 Fleet Business Justification Case (£18m) containing decarbonisation and electric vehicle initiatives was approved by the Trust Board and submitted to Welsh Government. All Wales Capital funding of £9m was approved for this BJC for fleet for 2023/24. This was 50% of what was requested and so a prioritisation exercise was undertaken to ensure funding will be invested where it's needed most. The outcome is that emergency ambulances will be prioritised in this financial year, as agreed by the ELT (Executive Leadership Team) and ADLT.
- 2.34 A separate audit of the delivery of the vehicle replacement programme is being undertaken by the NWSSP Audit & Assurance Specialist Services Unit as part of the 2023/24 internal audit plan.
- 2.35 Given the ongoing scarcity of funding, the Capital Management Team is currently considering options appraisals for its funding strategy for the next financial year (e.g., request the shortfall not approved for 2023/24 as well as the funding needed for 2024/25 versus requesting approval for the shortfall for 2023/24 only versus asking for the funding needed for 2024/25 alone). The Trust is also proactively considering sustainable investments for its future.
- 2.36 It was noted at its qualitative report that the Trust will seek to both maximise its investments and learn lessons to strengthen continued future bids for funding via any available sources. We were advised that the Trust is also looking at alternative funding options for future investments including, Asset Collaboration Funding, Invest to Save and Salix funding (the latter of which provides grants for public sector bodies to fund heat decarbonisation and energy efficiency measures).

Conclusion:

- 2.37 An initial 10-year capital cost estimate had been provided to Welsh Government, along with some high-level specific estimates of costs of the delivery of the DAP itself. The Trust continues to prioritise schemes and bid for additional resources against existing funding streams. However, recognising the financial shortfalls, and being cognisant of the wider financial pressures across NHS Wales, and the impact that this may have in being able to deliver on the decarbonisation agenda, we assign this objective as providing **limited** assurance.

Objective 4: Appropriate monitoring and reporting arrangements are in place to provide ongoing assurance on the implementation of the strategy and action plan.

- 2.38 As noted under **audit objective 1**, our national report for 2022/23 highlighted that internal reporting had understandably been limited, with the level of reporting increasing after Welsh Government's review of the DAPs. The recent changes made to the governance arrangements within the Trust supports that the profile of decarbonisation has increased to reflect the challenge faced.
- 2.39 The Decarbonisation Programme Board is responsible for recommending and monitoring the developments and delivery of the DAP. The DAP provides ongoing assurance on the implementation of the strategy. Refer to para 2.8 for details of the reporting lines in place.
- 2.40 Decarbonisation was included within the IMTP updates at both the May and August 2023 Strategic Transformation Board meetings. Updates against IMTP delivery are undertaken on a quarterly basis in line with the terms of reference.
- 2.41 An 'Environment, Decarbonisation and Sustainability' update was provided at the September 2023 Finance and Performance Committee, and focus on this area going forward is included in the Committees work programme. A highlight report to Trust Board (May 2023) has also been evidenced. Reporting on carbon emissions is undertaken through the annual report to Welsh Government (see para 2.46). Management advised that to prepare emissions data, on a more frequent is currently onerous and time consuming, and not possible for all categories.
- 2.42 In addition, the Transport Project Board, EFAB Meeting and Environmental and Sustainability groups are also in place internally to monitor and report on the decarbonisation agenda to provide ongoing assurance.
- 2.43 The Trust's update to the Welsh Government Estates Engagement Forum states that '*increased levels of reporting in relation to Decarbonisation has become a resource issue*'. A significant number of reports are required which require considerable time and resource/ effort to develop. This has also been highlighted within the Trust as it places a significant pressure on the small WAST team and potentially distracts from the ability to focus on progressing actions.
- 2.44 We also note that the Trust attends several external groups pan Wales to liaise and share information in respect of the decarbonisation agenda. Groups including:

- Health and Social Care in Wales Climate Emergency Programme Board; supported by the following project boards:
 - the Buildings, Estates, Land Use and Planning (BELP);
 - procurement and transport;
 - social care; and
 - approach to healthcare / service design.
- Community of Experts (a monthly nationwide group hosted by WG);
- Transport Task and Finish Group (hosted by NWSSP);
- Decarbonisation Co-Ordination Reporting ((DCR), hosted by NWSSP);
- Emergency Services Environment and Sustainability Group (UK wide blue light services environment leads);
- Sustainable Development Co-Ordinator's Cymru (Public Sector Wales Environment Manager);
- North Wales Decarbonisation Officer Group (public sector energy based);
- Joint public services board environment groups (public sector biodiversity based); and
- GrEAN – Environment Managers Group (all UK ambulances services).

2.45 The Trust is required to submit annual quantitative and qualitative reports (the latter of which was formerly required every six months) to Welsh Government detailing the progress of their contribution to the Climate and Nature Emergency and associated targets as outlined in the Trust's plan. Management have advised that no feedback was provided following the September 2022 submission of the quantitative and qualitative reports. A further qualitative report was submitted in April 2023. No feedback was reported from this submission either.

2.46 The Trust is also required to present a quarterly report to NWSSP's DCR Group led by NWSSP on behalf of the Welsh Government. The DCR is responsible for collating the reporting of the delivery of the NHS Wales Decarbonisation Strategic Delivery Plan for the health boards and Trusts pan NHS Wales.

2.47 Two reports have been submitted to DCR to date:

- i. The first report was a pilot focusing on Transport and Procurement only (issued June 2023)
- ii. The second report addressed all workstreams for the period of quarter one (2023/24). At the date of audit fieldwork, the dashboard had yet to be finalised and issued by DCR.

2.48 The Trust's return was analysed and collated into a dashboard. The overall RAG status for transport and procurement for NHS Wales collectively was amber. The dashboard was subsequently submitted to the Health and Social Care Climate Emergency (HSCCE) Project Board, and then to the HSCCE National Programme Board for review in July 2023.

- 2.49 It was noted that the Trust continues to work towards achieving the DAP actions but recognises its limitations of a challenging capital programme and wider financial constraints which will limit the ability to prioritise decarbonisation specific schemes (refer to **audit objective 3**).

Conclusion:

- 2.50 Appropriate internal monitoring and reporting controls are in place for providing assurance on the decarbonisation agenda at the Trust. However, it is noted that many of the governance structures in place are recent and will take time to mature. Further, from review of the external reporting streams, the number of outputs required places a significant pressure on the small WAST team and potentially distracts from the ability to focus on progressing actions Accordingly, we have provided **reasonable** assurance in this area.

Objective 5: Projects included within the 2023/24 funding commitments have been successfully delivered, and appropriate arrangements are in place to secure available funding during 2024/25.

- 2.51 As noted at para 2.33, capital funding of £9m was approved for the 2023/24 Fleet Business Justification Case. At the time of audit, this project is on course to be delivered on time, and within budget. The delivery of the vehicle replacement programme is subject to a separate audit by the NWSSP Audit & Assurance Specialist Services Unit as part of the 2023/24 internal audit plan.
- 2.52 As noted in para 2.30, EFAB funding of £2.1m was allocated to the Trust for fire, infrastructure and decarbonisation, for the period 1 April 2023 to 31 March 2025. The decarbonisation schemes identified for EFAB funding for 2023/24 are renewable energy projects at:
- AFSRC Wrexham,
 - Blaenau Ffestiniog,
 - Cardiff Ambulance Station, and
 - Glynneath.
- 2.53 At the date of audit, all projects remained ongoing and current reporting forecast that each project was to be delivered on time and within budget (see **Appendix B**).
- 2.54 EFAB funding has also been received for 2024/25 at the Trust. HART, Newtown and Tredegar renewable energy projects, to commence with effect from 1 April 2024, have been selected for this funding.
- 2.55 Our prior year report noted that NHS Wales organisations were also self-funding decarbonisation initiatives from their discretionary programme; and that it is important that the cost benefit of these schemes is also subject to challenge and scrutiny for inclusion within the overall data. Management confirmed that bids for funding would be managed through the Discretionary Programme Board; but we note that for 2022/23, there were no Trust funded decarbonisation projects given the limited discretionary capital funds available.

Conclusion:

2.56 At the time of audit, projects in receipt of 2023/24 EFAB funding were underway and reported to be delivered within the expected budget and delivery profiles; and EFAB funding has been secured for 2024/25 projects. The approved vehicle replacement programme is also on course to be delivered on time and within budget. Noting the current reported progress of these projects to date, we are providing **reasonable** assurance.

Appendix A: Management Action Plan

Matter Arising 1: Decarbonisation Programme Board: Attendance (Operation)	Impact
<p>The Decarbonisation Programme Board has held four meetings since its inception in January 2023. The terms of reference for the Programme Board list the membership (25 officers named) for attendance. However, from review of the minutes, attendance appears to be a challenge noting the number of apologies and non-attendance recorded:</p> <ul style="list-style-type: none"> January meeting – 14 of the 25 named membership attended. There were an additional two officers in attendance who are not named in the terms of reference (Senior Training & Development Lead – Driving; and Fleet Business Manager); April meeting – 15 of the 25 named membership attended; June meeting – 11 of the 25 named membership attended; and August meeting – 14 of the 25 named membership attended. There was one additional officer in attendance who was not named in the terms of reference (Locality Manager South East) <p>For those not in attendance, there was no evidence of an alternative representative.</p> <p>We recognise that the terms of reference have recently been approved, yet the attendance figures suggest that the membership is not appropriately aligned to the requirements of the Programme Board.</p>	<p>Potential risk of:</p> <ul style="list-style-type: none"> Inadequate controls to mitigate risks due to lack of ownership or accountability of risks; resulting in failure to achieve mandated reductions in carbon emissions.
Recommendations	Priority
<p>1.1 The named membership in the terms of reference should be reviewed again to ensure reasonable and appropriate representation at the Decarbonisation Programme Board.</p>	<p>Medium</p>

Agreed Management Action		Target Date	Responsible Officer
1.1	<p>Noted. The membership will be further reviewed to ensure that quoracy levels outlined within the Terms of Reference are achieved. All teams will be asked to reconfirm their representatives.</p> <p>It is however noted that the attendance is actually good in comparison to other project and programme board meetings, with it never necessarily being expected that all those invited to attend will do so at all meetings, and no issues have arisen in terms of the ability of the PB to discharge its duties due to any attendance issues.</p> <p>This action will be considered closed once the team is assured that meetings have been, and continue to be, quorate and the updated attendance list has been ratified at the Programme Board.</p>	30 April 2024	Decarbonisation Project Manager and Head of Capital Development

Matter arising 2: Delivery of the DAP (Operation)		Impact	
<p>The current RAG status of both the delivery against DAP and the Trust’s overall confidence of delivering the target reduction in emissions by 2025 are reported to be ‘amber’; an improvement against the previous status which was ‘red / amber’ status and ‘red’ respectively.</p> <p>Nevertheless, based on the RAG ratings above, there is a risk that the Trust may not meet its carbon reduction targets and the Welsh Government’s ambition for carbon neutrality by 2030. The Trust has highlighted that the financial shortfalls will impact on the organisation’s ability to make further progress.</p> <p>The Trust is required to complete over 80 actions covering all Trust aspects. These actions are included in the DAP. Additionally, the Trust has specific targeted actions relating to its fleet, many of which are currently rated red – this is one of the Trust’s biggest challenges to address noting that fleet accounts for approximately 80% of the Trust’s emissions.</p> <p>We recognise that in addition to the fleet challenges there are wider challenges that the Trust faces to the achievement of its Decarbonisation Action Plan which has been effectively reported in the risk register and are subject to routine scrutiny / appropriate mitigating actions. In addition, the Trust is evolving in line with its long-term strategy ‘Delivering Excellence’ which may result in an increase to staff levels, its estate and its fleet which will have an impact on the organisation’s emissions.</p>		<p>Potential risk of:</p> <ul style="list-style-type: none">Failure to meet the mandated carbon reduction targets set out in the NHS Wales Decarbonisation Strategic Delivery Plan.	
Recommendations		Priority	
2.1	Challenges and risks to the achievement of the objectives within the Trust’s Decarbonisation Action Plan, along with any mitigating factors, should continue to be monitored with regular updates provided via the established governance routes through to Trust Board.	High	
Management response		Target Date	Responsible Officer
2.1	The DAP and Risk Register will continue to feature as standard agenda items on every Decarbonisation Programme Board. Regular reporting will continue to Capital Management Board, Finance and Performance Committee and Trust Board as per the agreements set out. This action is considered closed, as it forms part of BAU practice	N/A	Head of Capital Development

Matter Arising 3: Risk Management (Operation)		Impact
<p>A Decarbonisation Programme Board risk register was initially developed in March 2023 and is monitored via the Trust's Programme Board. It was updated in August 2023 and includes 25 'open' risks. Given the complexity and range of risks within this work, a programme level risk management approach has been adopted.</p> <p>However, we noted the following issues:</p> <ul style="list-style-type: none"> The column 'Date Closed / Next Update Due' is incomplete throughout the risk register. Although we recognise that these risks are active risks, we considered that a date for 'next update due' should be recorded to facilitate effective, proactive monitoring of each risk. Work continues to articulate the level of corporate risk for consideration at Board level. Discussions have been ongoing since July 2023 in respect of the development of risk 542: <i>Failure to deliver the Welsh Government NHS Wales Decarbonisation Strategic Delivery Plan</i> for inclusion on the Corporate Risk Register. <p>Further, we also recognise that recent changes to the Trust's requirement to include medical gases within its carbon emissions reporting should be captured within the Trust's risk register. Whilst we appreciate medical gases are not part of the DAP, we note the impact of their inclusion may have on the wider role of NHS organisations in their ability to meet the ambition of public sector carbon neutrality by 2030.</p>		<p>Potential risk of:</p> <ul style="list-style-type: none"> Inadequate controls to mitigate risks due to lack of ownership or accountability of risks; resulting in failure to achieve mandated reduction in carbon emissions.
Recommendations		Priority
3.1	The 'Date Closed / Next Update Due' should be completed for each risk.	Medium
3.2	Noting the recent requirement to include medical gases within the Trust's carbon emissions, the associated risk should be reflected appropriately	
3.3	The development of risk 542: <i>Failure to deliver the Welsh Government NHS Wales Decarbonisation Strategic Delivery Plan</i> should be finalised to ensure the Trust's Corporate Risk Register is appropriately reflective of prevalent risks.	

Agreed Management Action		Target Date	Responsible Officer
3.1	The date closed and next update due will be completed for each risk. This action has now been completed, and this is considered closed. The risk register will be reviewed on a regular basis, and any relevant new risks added as appropriate	N/A: actioned since fieldwork	
3.2	Risk 8 on the current risk register outlines the risk of not being able to compare current emissions to baseline. The item will be updated to reflect the risk of WG further changing the scope of reporting, but will not specifically reference medical gases as this is just one specific example of the risk materialising.	30 April 2024	Decarbonisation Project Manager
3.3	Risk 542 will be finalised for inclusion within the Corporate Risk Register	30 April 2024	Head of Capital Development and Assistant Director of Capital and Estates

Matter arising 4: Funding Strategy (Design)		Impact	
<p>Further to our prior year report and the expectation that DAPs should be supported by funding strategies, management advised that an initial 10-year capital cost estimate had been provide to Welsh Government, along with some high-level specific estimates of the costs of delivery of the DAP itself.</p> <p>There has been no further update to this submission. No detailed resource analysis to determine the costs of delivery of the DAP has been undertaken; nor has an options appraisal been prepared and shared with the Board to help visualise the problem of achievement of the Welsh Government targets. This would also help with the development of Risk 542 (see MA3.2).</p>		<p>Potential risk of:</p> <ul style="list-style-type: none">• The Trust is not investing sufficient resources to achieve its decarbonisation programme.• Failure to achieve the Welsh Government targets for carbon emissions.	
Recommendations		Priority	
4.1	The Trust should develop a long-term financial model for the financial support required to support the decarbonisation programme to provide assurance to the Board regarding achievement of the Welsh Government targets. A clear timeline should be determined for undertaking this exercise, with progress monitored at a relevant forum.	High	
Management response		Target Date	Responsible Officer
4.1	<p>The value of such an overarching exercise at this stage, compared to that previously undertaken and the resource required to do so needs to be considered, and as opposed to the way the Trust has looked to approach this to date. It also needs to be noted that part of the ongoing process to do so is also linked to any initial response from WG to that previously provided and the now confirmed upcoming and updated overall NHS Wales capital prioritisation work that will be progressed through 2024. Again it is not considered good value of resource to further progress anything here until this has now been completed and reported back to us.</p> <p>In the meantime a number of other significant areas of progress continue in relation to this, including the detailed costings undertaken to ensure significant (and greater than could have been expected) funding in relation to EFAB schemes through 2023/24 and 2024/25, along with the detailed decarbonisation impacts being front and centre of all new proposed and planned developments. The cost implications of this and the impact this may have affordability of schemes, either locally through the Trust’s</p>	31 March 2025	Executive Director of Finance and Corporate Resources, Head of Financial Business Intelligence and Capital Planning, Head of Capital Development

<p>discretionary capital funding or nationally via AWCP needs to however also not be underestimated and a balance will always need to be struck in this regard with other competing factors such as operational requirements, staff welfare and safety, etc.</p> <p>Recent Fleet BJCs have also included cost estimates to support, where possible and currently commercially and practically available, the electrification of the Trust’s fleet, and the required supporting infrastructure.</p> <p>Examples of where other aspects of this can be further enhanced include the estate retrofit guide, which will be used as a framework to assess the impact and potential cost of estate requirements on a priority basis. This is also linked to any planned further refreshes in the overall Estates Strategy (SOP), high level information will also be used (where available) to determine broad fleet replacement costs including infrastructure. This will similarly be a key part of any proposed rewrite likely to be required through 2024 of the Fleet SOP, again due to current capital funding challenges at a national level but which will provide an opportunity to further consider specific decarbonisation cost within this area of the Trust’s plans going forward.</p> <p>Overall, this will give a further indication of estimated total requirements, building on that already undertaken.</p>		
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Appendix B: EFAB Funding Tracker 2023/24

Location	Project overview (Proposal Summary)	Current WG Approved Spend Total 2023/24	Current WG Approved Spend Total 2024/25	Current Overall Total Recommendation	Health Board Forecast Spend 2023/24	Health Board Total Forecast	Spend to date	% Spend to date	Staged Reached	Forecast variance from WG approved spend 2023/24	Total Over / Underspend	Overall RAG (Delivery /Prog/£/ Quality)
<i>AFSRC Wrexham - Renewable energy project</i>	Install PV system & battery storage. EV charging infrastructure	£190,800		£190,800	£190,800	£190,800	£14,098	7%	Design	£0	£0	Amber
<i>Blaenau Ffestiniog - Renewable energy project</i>	To install a PV system, battery storage and EV charging infrastructure	£138,000		£138,000	£138,000	£138,000	£12,208	9%	Design	£0	£0	Amber
<i>Cardiff make ready depot - Renewable energy project</i>	To install a PV system and battery storage at the Make ready Depot.	£102,000		£102,000	£102,000	£102,000	£6,329	6%	Design	£0	£0	Amber
<i>Glynneath - Renewable energy project</i>	To install a PV system, battery storage and EV charging infrastructure.	£138,000		£138,000	£138,000	£138,000	£10,767	8%	Design	£0	£0	Amber

Appendix C: Assurance opinion and action plan risk rating

Audit Assurance Ratings

We define the following levels of assurance that governance, risk management and internal control within the area under review are suitable designed and applied effectively:

	Substantial assurance	Few matters require attention and are compliance or advisory in nature. Low impact on residual risk exposure.
	Reasonable assurance	Some matters require management attention in control design or compliance. Low to moderate impact on residual risk exposure until resolved.
	Limited assurance	More significant matters require management attention. Moderate impact on residual risk exposure until resolved.
	Unsatisfactory assurance	Action is required to address the whole control framework in this area. High impact on residual risk exposure until resolved.
	Assurance not applicable	Given to reviews and support provided to management which form part of the internal audit plan, to which the assurance definitions are not appropriate. These reviews are still relevant to the evidence base upon which the overall opinion is formed.

Prioritisation of Recommendations

We categorise our recommendations according to their level of priority as follows:

Priority level	Explanation	Management action
High	Poor system design OR widespread non-compliance. Significant risk to achievement of a system objective OR evidence present of material loss, error or misstatement.	Immediate*
Medium	Minor weakness in system design OR limited non-compliance. Some risk to achievement of a system objective.	Within one month*
Low	Potential to enhance system design to improve efficiency or effectiveness of controls. Generally issues of good practice for management consideration.	Within three months*

* Unless a more appropriate timescale is identified/agreed at the assignment.



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