

# Assurance and Risk Assessment Review – Flintshire County Council

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# Contents

|   |   |
|---|---|
| What we reviewed and why  | 4 |
| Implications of the Local Government and Elections (Wales) Act 2021 | 5 |
| Carbon reduction plans  | 6 |

## What we reviewed and why

- 1 We undertook this project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources. This project also helped us to assess the extent to which the Council is applying the sustainable development principle in taking steps to meet its well-being objectives.
- 2 This report summarises our findings in the areas where we have undertaken more detailed Assurance and Risk Assessment work. We will also produce an Annual Audit Summary in Spring 2023 that will summarise all of our audit work undertaken since our last Annual Audit Summary in January 2022.
- 3 We focused in particular on the following areas at the Council:
  - Implications of the Local Government and Elections (Wales) Act 2021 including self-assessment arrangements
  - Carbon reduction plans
- 4 Our evidence base for this work included conversations with officers and reviewing relevant documents.
- 5 The Assurance and Risk Assessment project has been ongoing throughout the year. We held a workshop with the Council officers in February 2023 at which we shared emerging findings in relation to some aspects of this work. We also used the workshop to gather the perspectives of senior managers on the key audit risks in relation to the Council and to inform our forward planning.

## Implications of the Local Government and Elections (Wales) Act 2021

### **The Council is putting in place arrangements to assure itself that it is meeting the requirements of the Local Government and Elections (Wales) Act 2021**

- 6 We reviewed the arrangements the Council is putting in place to respond to the Local Government and Elections (Wales) Act 2021 (the 2021 Act).
- 7 The 2021 Act requires councils to keep performance under review and consult and report on performance through a self-assessment. Councils must publish a self-assessment of their performance for each financial year. During 2021-22 the Council has taken forward actions to implement the self-assessment duties. The Council published its first self-assessment report in November 2022. This was following consideration of the draft report by Council, scrutiny committee workshops and Governance and Audit Committee (GAC).
- 8 The Council plans to discharge its consultation duty under the 2021 Act through existing mechanisms of engagement with the trade unions, businesses in the local area, residents and Council staff.
- 9 The Council has updated the GAC's Terms of Reference to reflect the 2021 Act. The GAC's membership is in accordance with the 2021 Act, with one third of the committee being lay persons. Recruitment of the lay persons was completed on time and observation by Audit Wales staff of Flintshire GAC meetings during 2022 indicates that the new arrangements appear to be working satisfactorily and meetings are consistently well chaired. The lay persons, along with elected councillors who are GAC members, have received introductory training on their role.

## Carbon reduction plans

### Context

- 10 In July 2022, the Auditor General published Public Sector readiness for Net Zero Carbon by 2030<sup>1</sup>, 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.
- 11 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.
- 12 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 report calls for increased pace and stronger leadership across Wales in reducing carbon emissions.

<sup>1</sup> Audit Wales, [Uncertainty that the ambition for a net zero public sector will be met, according to Auditor General, July 2022.](#)

**The Council has a clear vision and strategic support for its approach to decarbonisation and net zero by 2030, articulated in its decarbonisation plan and its corporate priorities and recognises the challenges between its current emissions and achieving net zero by 2030 but developing better data on the cost and carbon impacts of its interventions would support it in the prioritisation of its resources.**

- 13 The Council has a vision for decarbonisation and has stated its ambition of becoming a net zero Council by 2030 within its latest Climate Change Strategy (CCS), which was approved by Cabinet in February 2022. Whilst the CCS sets out the Council's journey towards net zero, the Council have recognised that these steps on their own will still not be enough to achieve net zero by 2030 and that advances in technology and a significant increase in sequestration will be important areas if the gap is to be bridged. There are clear links between the CCS and two of the Council's Well Being Objectives and the Sustainable Development principle is being used to support the delivery of the CCS has been defined within the CCS accompanying Integrated Impact Assessment.
- 14 The Council was part of Welsh Government's pilot for the Net Zero data collection and therefore they have a well-developed understanding of their Carbon footprint and have confidence in their baseline data. In understanding their footprint, the Council have also been able to articulate the gap between current emission and net zero. The Council have told us that they will continuing to improve the methods used to calculate their footprint data. Having robust data has enabled the Council to develop its interventions to address the areas with the greatest emissions.
- 15 The Council has estimated the cost of reaching net zero by 2030, which exceeds £22m and recognised that funding for this has not yet been identified and this represents a barrier to meeting this target.
- 16 The CCS includes a detailed Action Plan for each priority area. Supporting this overarching Action Plan are more detailed action plans. The Council have told us that the full financial and Carbon impact of each of these interventions has not been assessed as the estimates would be impacted by changing externalities meaning that they would quickly become out of date. However, they also confirmed that projects are selected with priority being given to those projects that will have a direct impact on their carbon baseline and in the areas that they consider to have the biggest CO<sub>2</sub> impact such as energy efficiency retrofitting of buildings and transitioning the fleet to become electric. Having a comprehensive understanding of the carbon and cost impacts for each of the projects/interventions within the detailed action plans would improve the Council's decision making around how its prioritises its interventions.
- 17 The Council have established a cross political Programme Board (now Climate Change Committee) to provide governance around its climate change agenda and

it has clearly articulated how it proposes to provide governance and to monitor progress on its journey towards net zero in its CCS, with scrutiny provided by progress reports to the Environment & Economy Scrutiny Committee. The CCS includes a number of specific targets and milestones for the journey to achieving net zero. However, the Council recognises that there is more work to do to ensure that reporting and monitoring is integrated in the Council's performance management process. The Council has also told us that it proposes to use its public facing Climate Change webpages for future public reporting on its annual progress.

- 18 The Council have reported that its CCS has been developed through engagement with Members, Officers, through workshops and training, The Council also ran a public engagement period through October and November 2021 and also engaged with primary and secondary schools. The Council have told us that the feedback from this engagement was further developed in internal workshops with each of the portfolio areas across the Council's services and was used to further develop the Strategy.
- 19 The Council is engaged in several strategic partnerships which will support its ambition towards net zero, such as the development of Parc Adfer waste to energy facility. The Council have also told us that it continues to work closely with the North Wales Economic Ambition Board, the Joint Public Service Board and others in delivering its ambitions around decarbonisation, however also recognised that in particular joint projects with PSB partners are challenging due to the different levels of carbon maturity within partner organisations. The Council is also part of the North Wales Decarbonisation Officers group where learning is shared and projects such as, procuring a single climate changing training solution, are being developed.
- 20 The Council have told us that they have invested over £2.5 million over the last ten years in its energy programme. It has also been successful at attracting external funding such as the Welsh Government's Optimised RetroFit2 fund, which will support retro energy efficiency measures to decarbonise its housing stock. However, the Council has also stated that finding the resources to deliver its ambition represents both a short and long-term risk and that significant investment will be required if the Council is to achieve its goal of becoming net zero carbon by 2030. The Council recognises that currently the Climate Change Strategy has not been fully resourced, although work is underway to develop more detailed business plans which will estimate the investment required. Once there is a clearer understanding of the financial investments required for the proposed interventions these should be fully reflected in any future Medium Term Financial Strategy.



## Recommendations

### Exhibit 1: recommendations

The table below sets out the recommendations that we have identified following this review.

| Recommendations |   |
|-----------------|---|
| 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 Strategy. If the Council does not develop more detailed business plans which will estimate the investment required, it is unlikely to be able to achieve its goal of becoming net zero carbon by 2030. |



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