



National Audit Office

Recent & ongoing studies on net zero and wider environmental goals

Presentation to ADEPT environment board

Jan 2020

What this presentation will cover

- About the NAO
- Overview of our recent studies on net zero & wider environmental goals & how these fit into our wider programme of work on these issues
- More detail: Achieving net zero
- More detail: Achieving government's wider environmental goals
- Next steps: study on local government and net zero
- Q&A

NAO role



The National Audit Office (NAO) is the UK's independent public spending watchdog.

We support Parliament in holding government to account and we help improve public services through our high-quality audits.

We are independent of government and the civil service.

We don't question the merits of government policies, but assess whether resources have been used efficiently, effectively and with economy.

Our work

Financial Audit

We audit public sector accounts, including all central departments, agencies and other public bodies, from charities to big commercial entities such as Network Rail. We report the results to Parliament.

Value for Money (VfM)

We report on the value for money (the effectiveness, efficiency and economy) of government spending. We make recommendations and highlight lessons for the bodies we audit and for government more widely.

Investigations

We conduct investigations to establish the facts quickly where there are concerns about public spending, such as service failures or financial irregularities. These concerns may be raised by MPs, the media or the public, or be identified through our work.

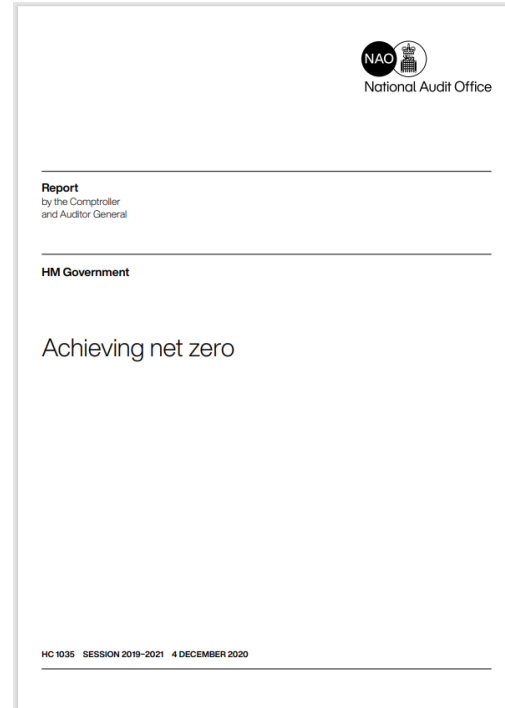
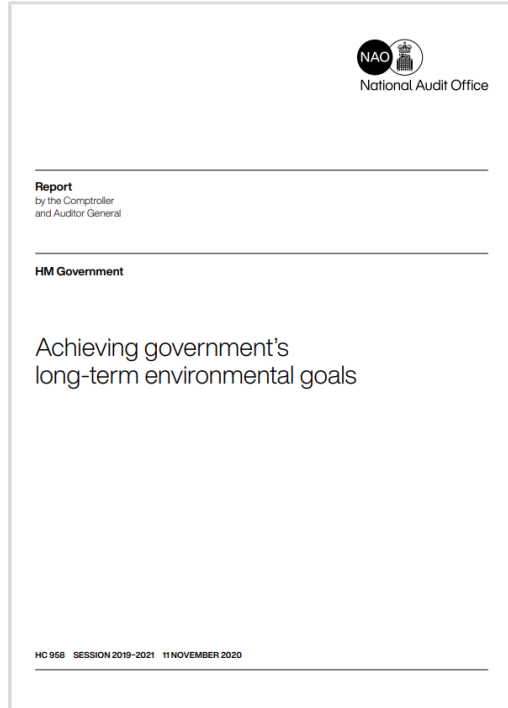
The UK's independent public spending watchdog

In 2019-20...

We certified
404 accounts
auditing
£1.7 trillion
of public income
and expenditure

We published
**42 value for
money reports**
14 investigations
and
7 EU exit outputs

Overview of the studies on net zero and wider environmental goals



- Examined government's set-up for achieving these long-term, complex goals
- Published November 2020 and December 2020
- Focused on examining broad risks and issues government will need to manage, drawing on NAO experience of auditing major projects and programmes

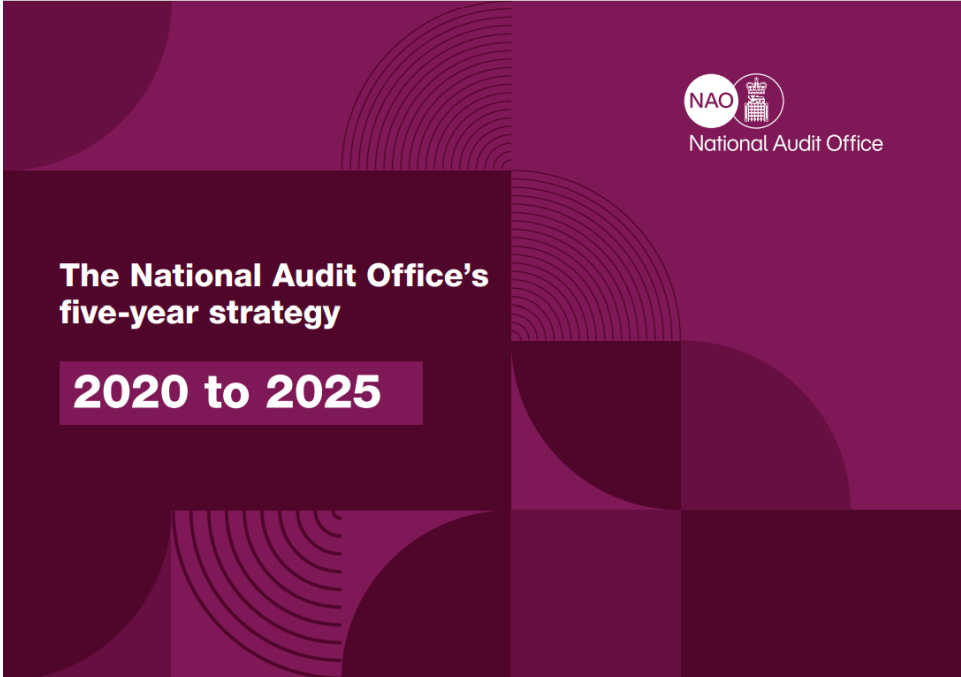
Available at:

<https://www.nao.org.uk/report/achieving-net-zero/>

[Achieving government's long-term environmental goals \(nao.org.uk\)](https://www.nao.org.uk/report/achieving-government's-long-term-environmental-goals)

This builds on a body of work related to climate & environment, with our approach to these issues given new impetus through our 2020-2025 strategy

- Our 5 year strategy for 2020-2025 includes plans to focus more on long-term value for money issues, including the UK's 'net zero' emissions target.



Previous NAO work on climate & environment includes:



Managing flood risk
November 2020



Water supply and demand management
March 2020



Ministry of Defence environmental sustainability
May 2020



Environmental Metrics
January 2019



Rolling out smart meters
November 2018



Air Quality
November 2017

Priorities for our work on environment and climate change

1 **Holding government to account** for use of public money to achieve environmental aims

- The government is spending increasing amounts
- Speed of spend creates VFM risks

- Doing VFM studies that 'follow the money'
- Taking a broad view on public expenditure
- Consideration of what VFM means in this context

2 **Highlighting gaps/misalignments** in government's plans that could increase long-term costs

- The government is working on plans to achieve net zero
- Delays could mean achieving targets costs more in the long term

- Using VFM studies of past expenditure as 'hooks'
- Assessing:
 - whether government has quantified the impact of delays
 - how fiscal events consider long-term plans
 - government's own emissions

3 **Influencing government** to improve how it achieves environmental aims

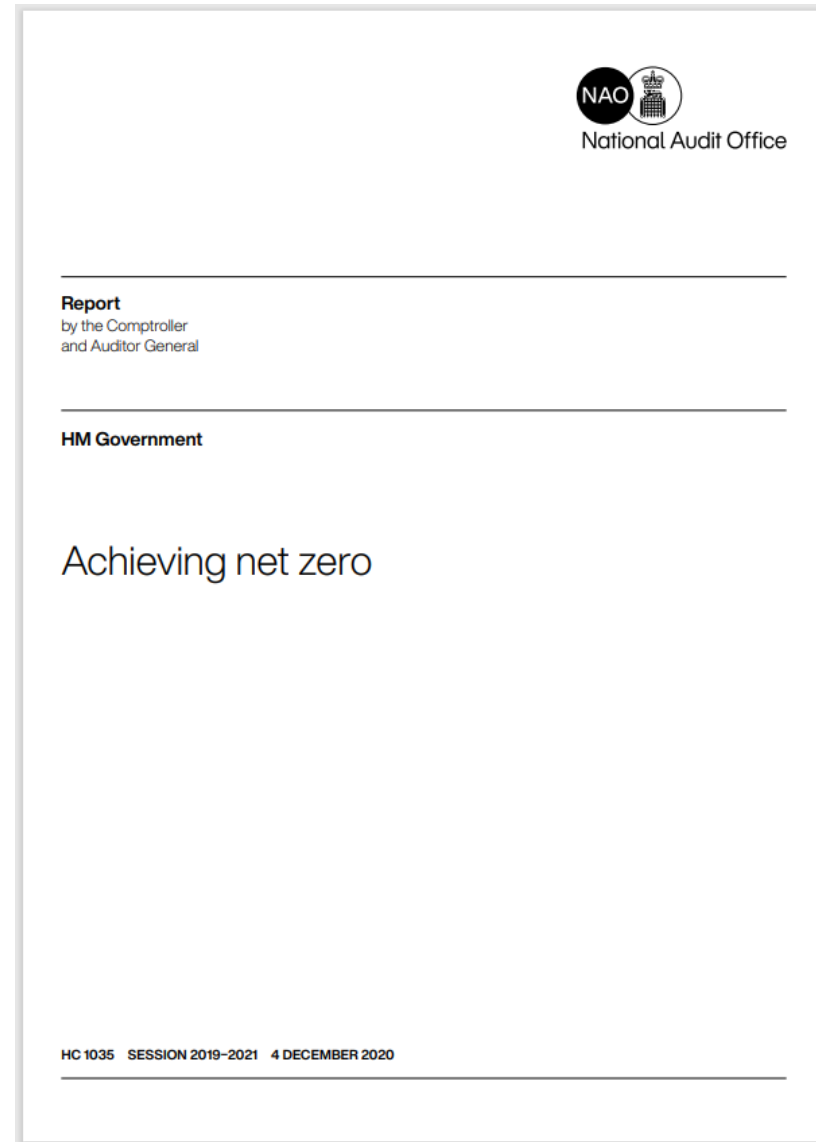
- Achieving net zero presents cross-cutting recurring challenges that government must manage

- Revisiting cross-cutting issues in each of our reports "Providing more accessible independent insight":
 - Lessons learned reports
 - Workshops/roundtables
 - ...Anything else?

Why...

We plan to...

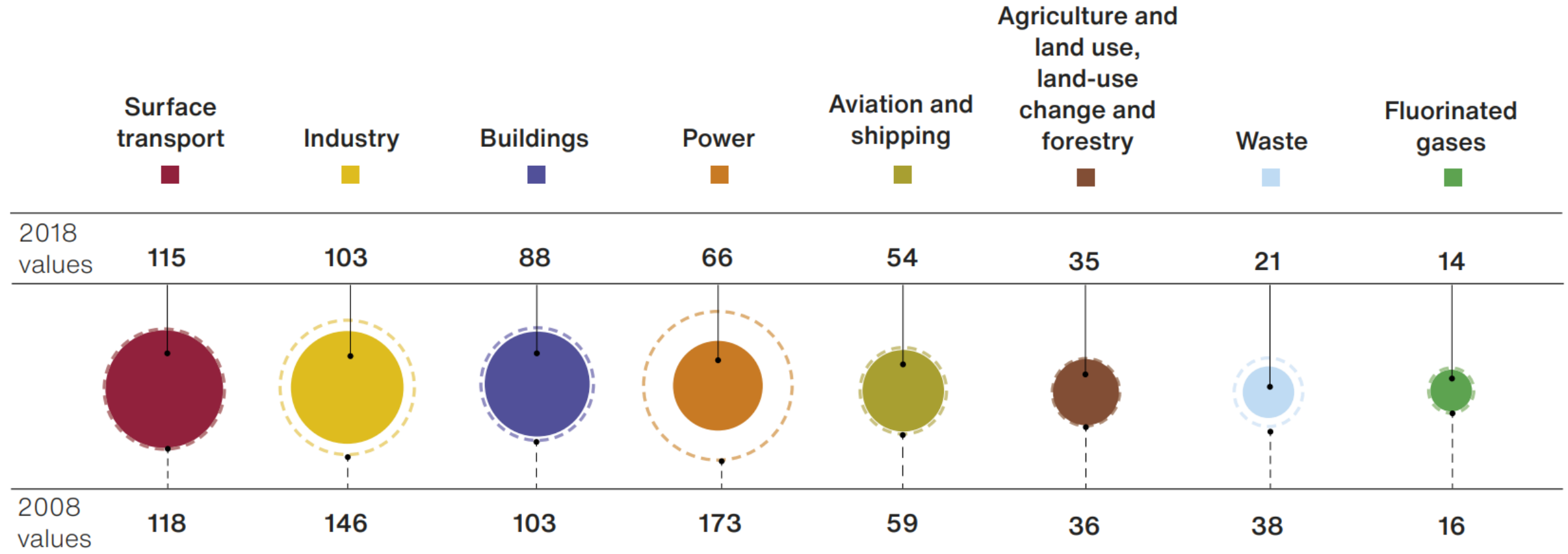
More detail: Selected findings from the Net zero report



1a. Scale of the challenge: no more hiding in the 20%

UK emissions by sector in 2018 and 2008

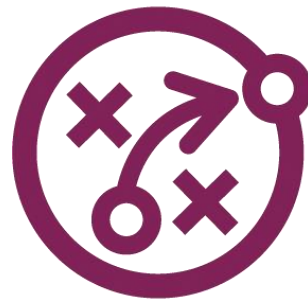
Greenhouse gas emissions (million tonnes carbon dioxide equivalent)



1b. Scale of the challenge: features for government to manage



Uncertainties in
some sectors



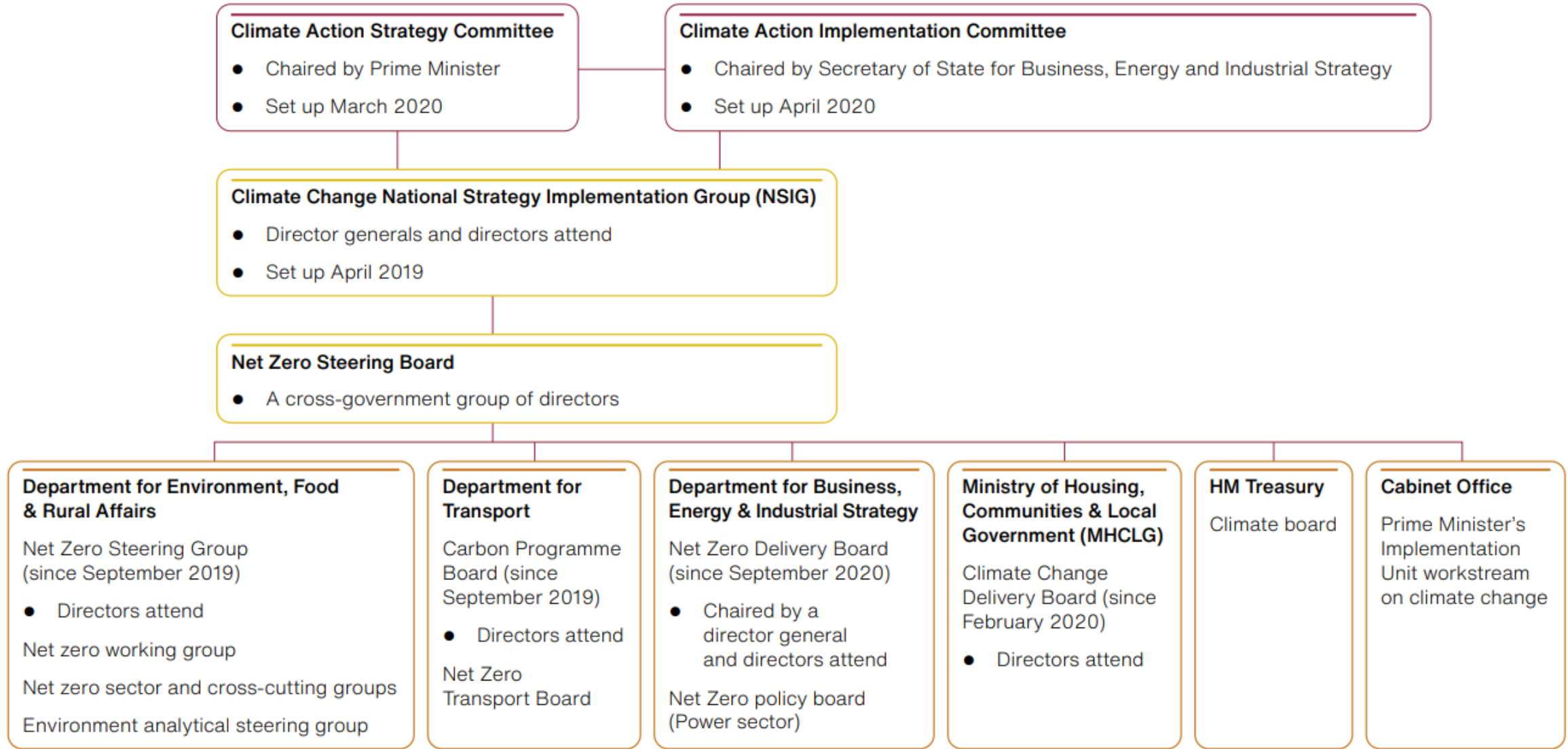
Interdependencies:
within net zero and
with other
government priorities



Reliance on
stakeholders

Some/all of these challenges feature in many government projects and programmes, but rarely with such complexity as on net zero

2. Cross-government coordination: arrangements



2 b. Cross-government coordination: challenges

- Cabinet Committee / NSIG model is about collective (not centralised) responsibility
- Risks to consider for this approach to be effective



Resourcing:
allocation of
budgets



Prioritisation: impact on
net zero of policies that
affect GHG emissions



Alignment with wider
planning & accountability
structures



**Capacity and
capability** – technical
and behavioural



**Sharing
information**

We recommended that:

- BEIS, working with the other departments involved, should set out how it will manage these risks and establish regular review points.
- HMT publish analysis of CSR regarding impact on emissions
- Cabinet Office ensure SDPs create cross-government plan for net zero

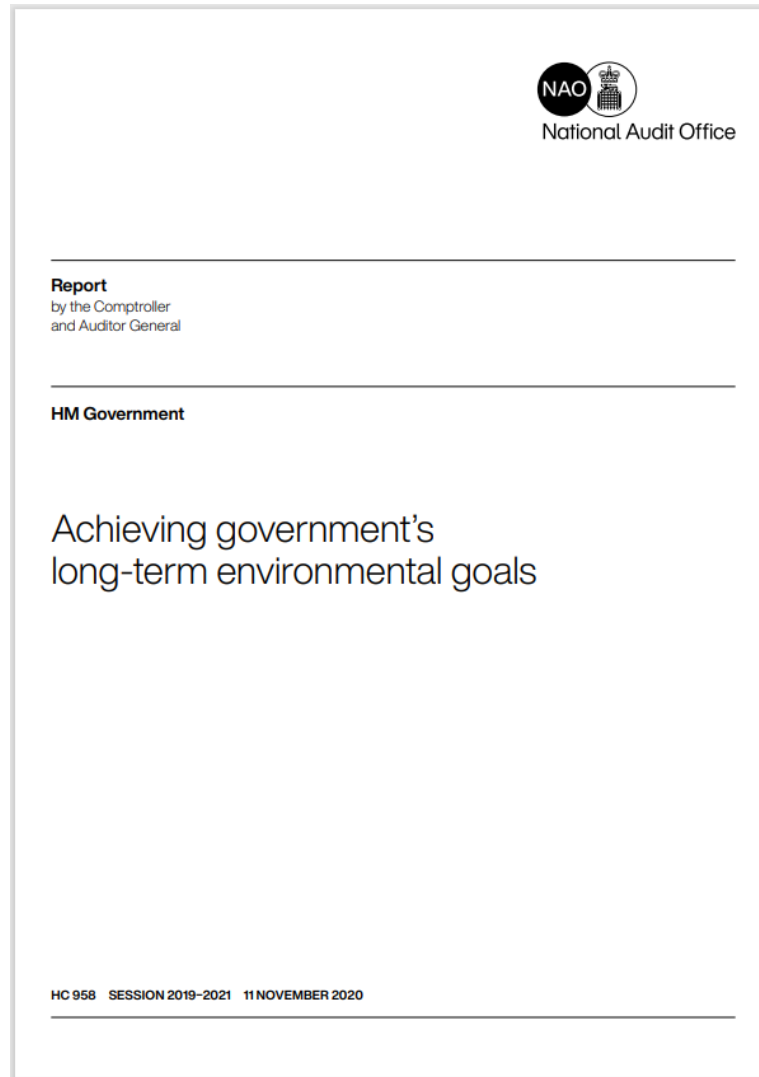
3. Engaging the wider public sector

- Net zero will require action from:
 - Local authorities- LAs
 - Regulators
 - ALBs
- Previous experience has shown importance of clear roles and responsibilities (e.g. Modern Slavery) and consultative approach (health and social care)
- We have not seen strong evidence government is cultivating these relationships in terms of net zero; role of LAs in particular needs clarifying

We recommended that:

- BEIS and MHCLG ensure LAs' perspectives incorporated in strategy and they have skills and capacity required
- All departments consider how to extend coordination arrangements beyond central government departments to include perspectives of other public bodies

More detail: Selected findings from the wider environmental goals report



1. Understanding the scale of the challenge: clarity of objectives

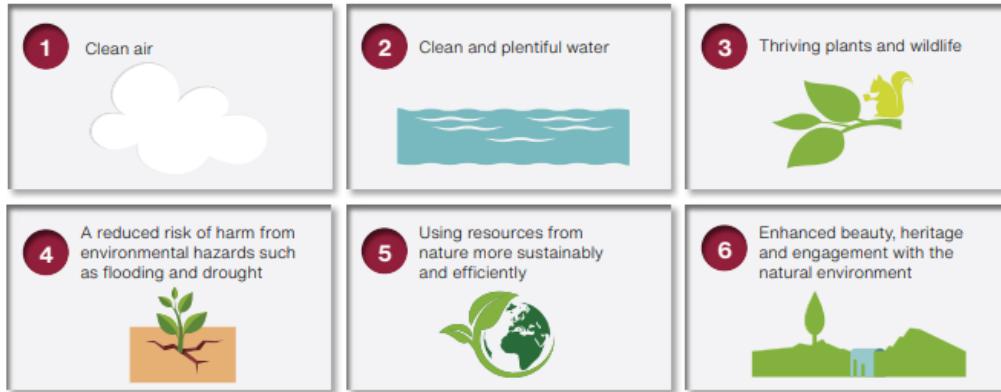


Without clear objectives and plans, it may be difficult to persuade people within and outside government to take the goals seriously, particularly at a time when government has limited 'bandwidth', given EU Exit and the COVID-19 pandemic.

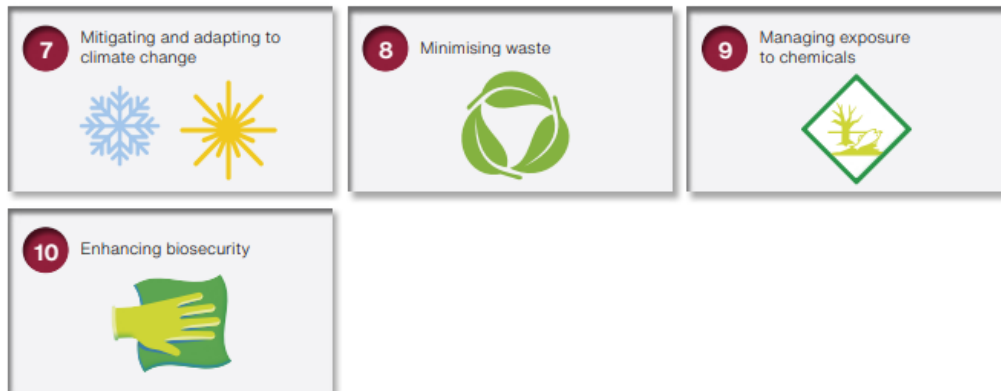
1. (cont..) Understanding the scale of the challenge: clarity of objectives

Government's long-term environment goals as set out in the 25 Year Environment Plan

Government intends to achieve:



In addition, government intends to manage pressures on the environment by:



- While the 25 year Plan brought government's environmental commitments and aspirations together in one place, it did not provide a clear and coherent set of objectives.
- Requirements in a new Environment Bill will help, but not enough on its own
- We made recommendations about:
 - developing a **full set** of clear environmental objectives
 - in parallel, developing **long-term delivery plans**

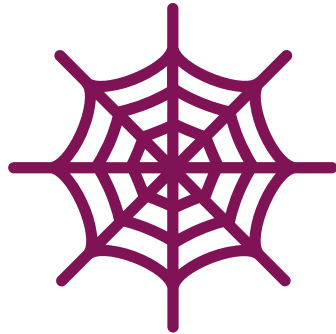
2. Managing links between policy issues



Formal co-ordination arrangements need the right culture to have real effect, with working relationships across teams and across organisations built on openness and trust.

- Had established two oversight groups to help manage the links between environmental policy areas
- But:
 - Had not yet agreed what the most important links are
 - Nor had it set out who would have authority to make difficult decisions on trade-offs
- We also highlighted the importance of ensuring formal arrangements supported by the right working culture

3. Co-ordination across government



The government's proposals for oversight and accountability of the Environment Plan need to ensure all Government departments – not just the environment department, are held to account.

(Environmental Audit Committee 2018)

- Arrangements for joint working on environmental issues across government more widely have been patchy
- No other departments, apart from the environment department, represented on the main oversight committees
- No evidence of shared ownership of the government's Environment Plan as a whole outside the environment department and its arms-length bodies

Parliamentary evidence session

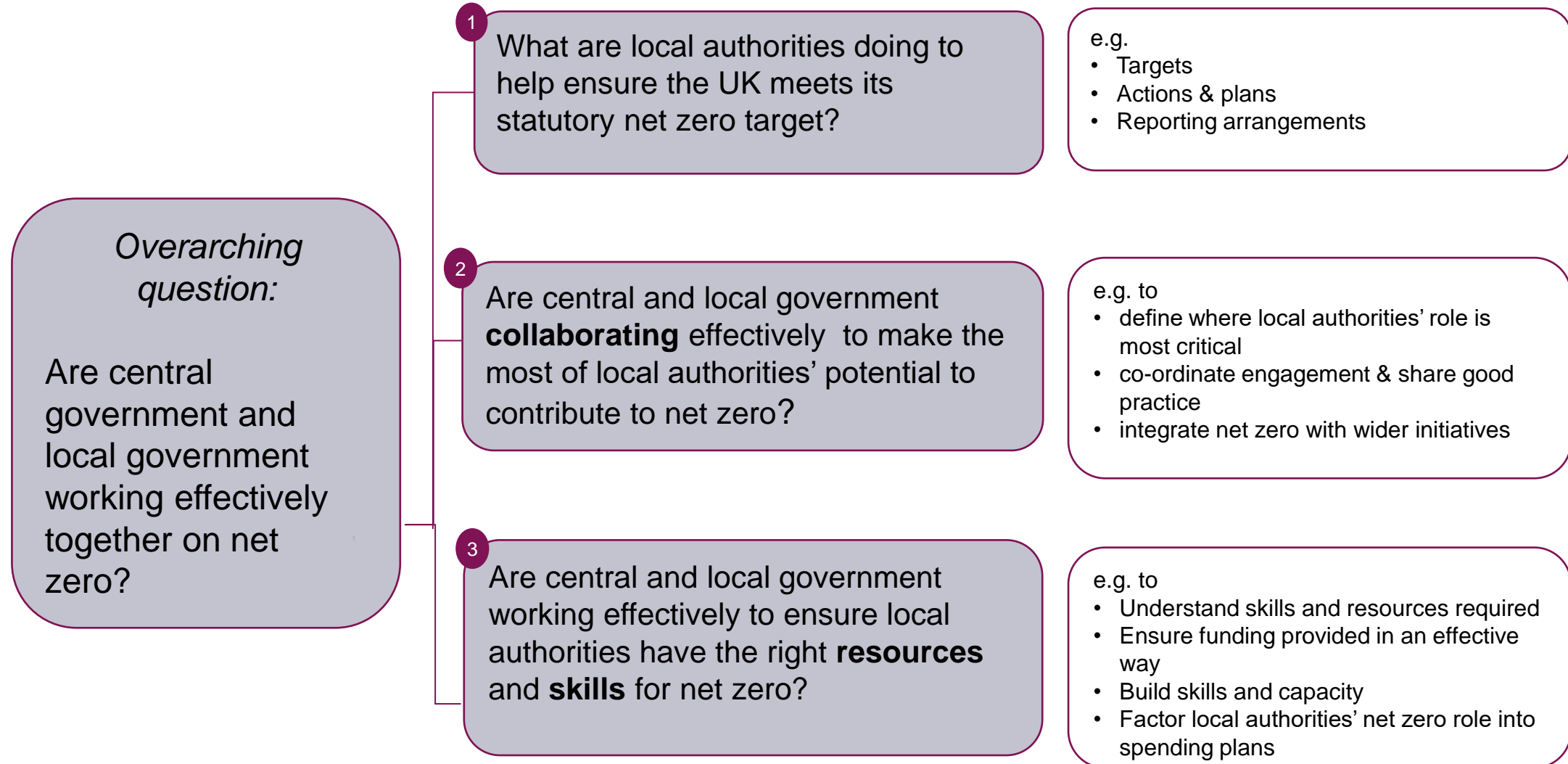
- Constructive and engaging session
- Committee concerned about pace of government's progress so far
- Heard from environment department and two of its arms-length bodies, and HM Treasury
- Government announced a new senior, cross-government environment board
- PAC session on net zero on 28th Jan



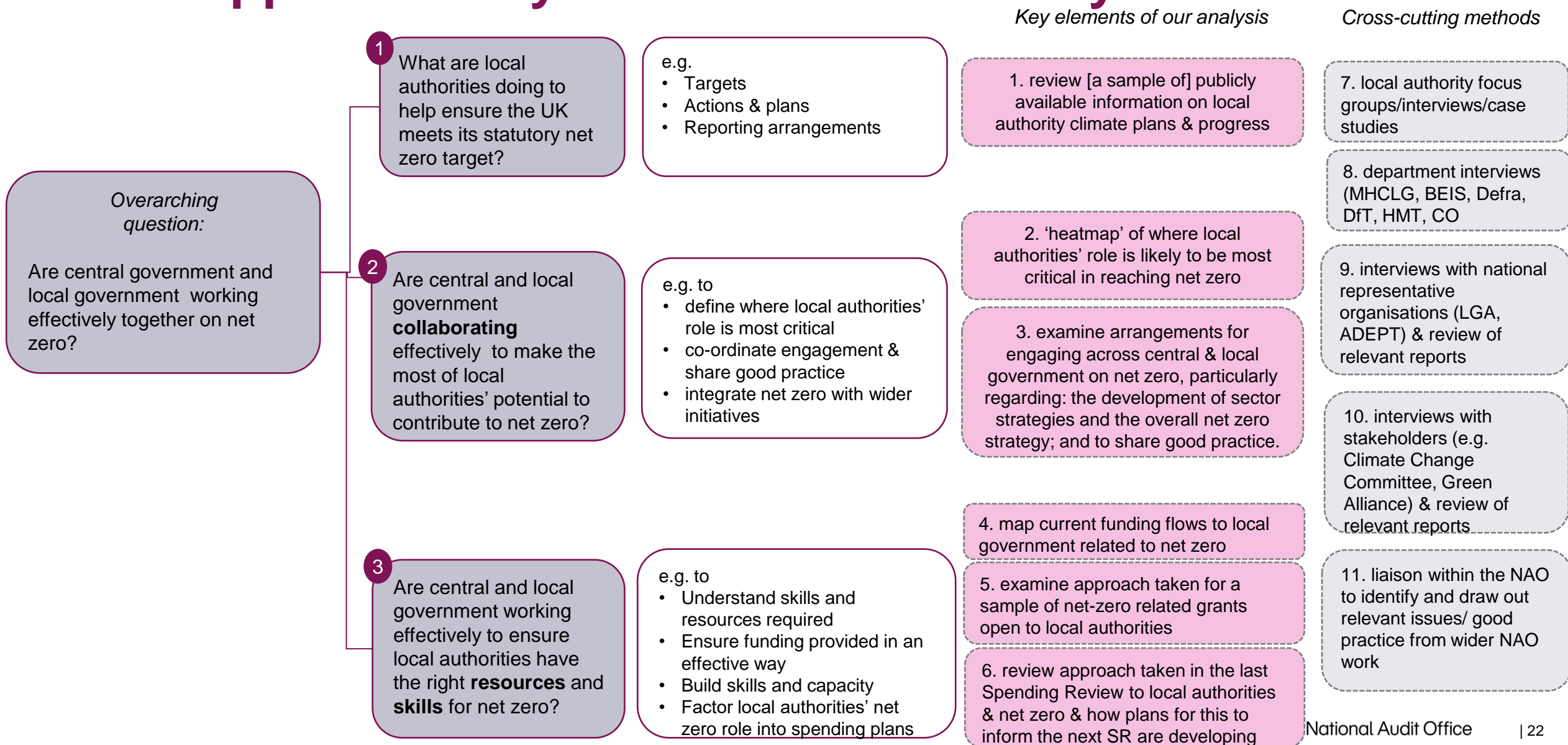
Local government and net zero

- Responds to a request from the Environmental Audit Committee
- Builds on the wider net zero and environmental goals studies
- Expect July publication
- We welcome ADEPT input and have had initial conversations with Hannah Bartram and colleagues as part of scoping

Our scope: study questions



Our approach: key elements of our analysis



Wider planned & potential work on climate and environment

Electric vehicles

Expected: **February 2021**

This study will focus on the government's electric vehicles strategy and the VFM of the £1bn spent and pledged so far.

The new land management scheme

Expected: **Summer 2021**

This study will ask if government is creating the environment for land managers to optimise what they achieve (through training, advice, sharing of good practice and collaboration)

Green homes grant

Expected: **November 2021**

This study will assess the VFM of the £2 billion Green Homes Grant (GHG) scheme that was announced at the June 2020 spring statement.

2021

2022

Environmental tax measures

Expected: **February 2021**

This study is examining how HM Treasury and HMRC manage tax measures with environmental objectives

Local Government and net zero

Expected: **July 2021**

This study will assess how effectively central & local government are working together on net zero.

Management of the tree planting programme

Expected: **February 2022**

This study will examine the early actions necessary to ensure long term success of tree planting programme.

Active travel

Expected: **TBC**

This study will examine what the 2017 Cycling and Walking Investment Strategy achieved and whether lessons have been learnt in the new strategy (announced July 2020) and the associated funding.

Note: scope and timing of all reports is under review and subject to change at the C&AG's discretion



National Audit Office

Thank you

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