

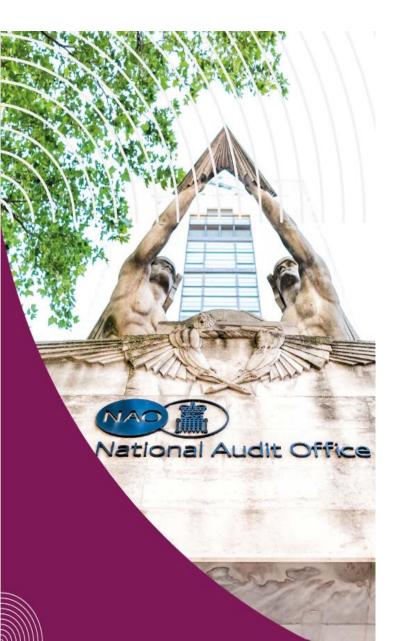
Recent & ongoing studies on net zero and wider environmental goals

Presentation to ADEPT environment board

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.

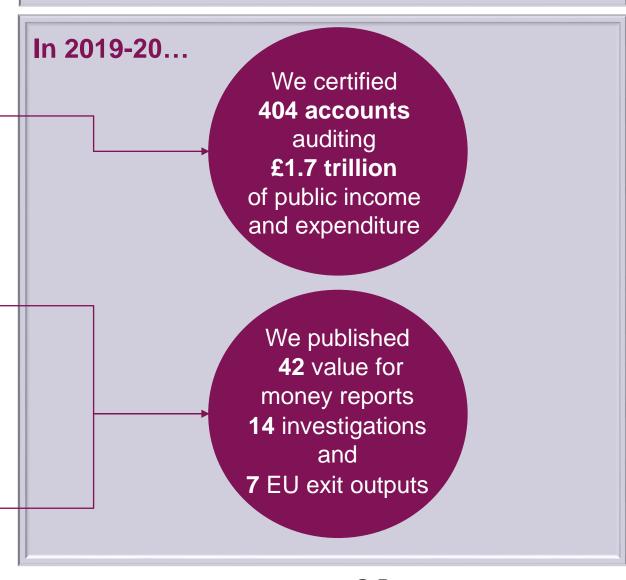
Value for Money (VfM)

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



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)

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: Water supply and demand management Managing flood risk March 2020 November 2020 **Ministry of Defence Environmental Metrics** environmental January 2019 sustainability May 2020 **Air Quality**

November 2017

16

NAO 🖺) National Audit Office

Rolling out smart meters

November 2018

Priorities for our work on environment and climate change

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

- Highlighting
 gaps/misalignments in
 government's plans that could
 increase long-term costs
- Influencing
 government to improve
 how it achieves
 environmental aims

Why...

- The government is spending increasing amounts
- Speed of spend creates VFM risks
- The government is working on plans to achieve net zero
- Delays could mean achieving targets costs more in the long term
- Achieving net zero presents crosscutting recurring challenges that government must manage

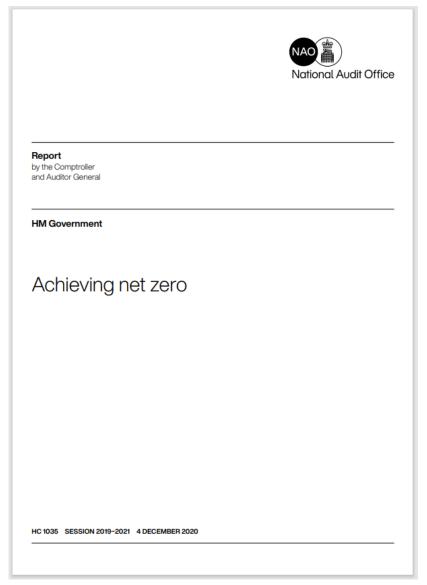
We plan to...

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

- 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

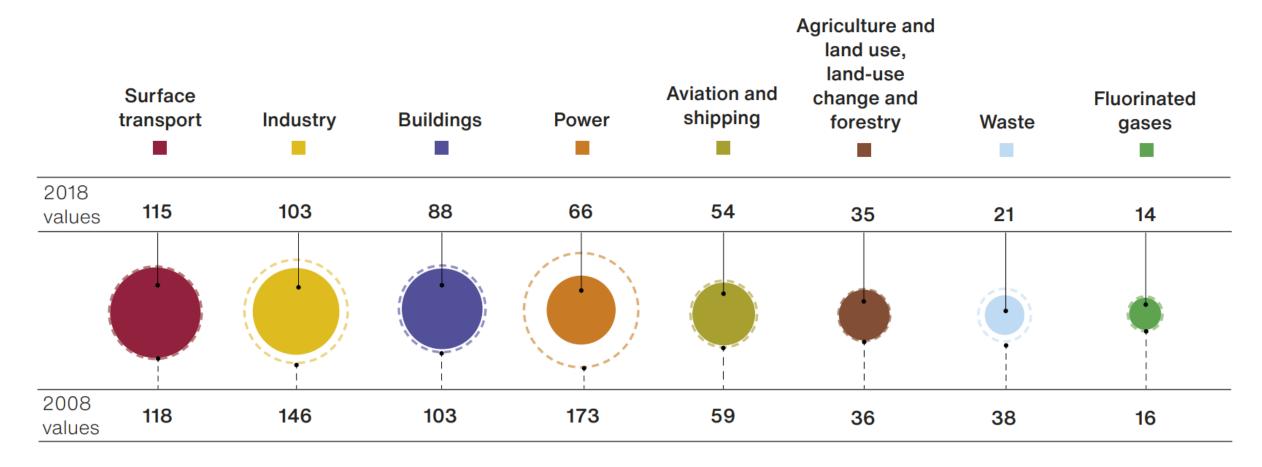
- Revisiting cross-cutting issues in each of our reports "Providing more accessible independent insight":
 - Lessons learned reports
 - Workshops/roundtables
 - ...Anything else?

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



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

Climate Action Strategy Committee Chaired by Prime Minister

Climate Action Implementation Committee

- Chaired by Secretary of State for Business, Energy and Industrial Strategy
- Set up April 2020

Climate Change National Strategy Implementation Group (NSIG)

- Director generals and directors attend
- Set up April 2019

Net Zero Steering Board

Set up March 2020

A cross-government group of directors

Department for Environment, Food & Rural Affairs

Net Zero Steering Group (since September 2019)

Directors attend

Net zero working group

Net zero sector and cross-cutting groups

Environment analytical steering group

Department for Transport

Carbon Programme Board (since September 2019)

Directors attend

Net Zero Transport Board

Department for Business, Energy & Industrial Strategy

Net Zero Delivery Board (since September 2020)

 Chaired by a director general and directors attend

Net Zero policy board (Power sector)

Ministry of Housing, Communities & Local Government (MHCLG)

Climate Change Delivery Board (since February 2020)

Directors attend

HM Treasury

Climate board

Cabinet Office

Prime Minister's Implementation Unit workstream on climate change

- Ministerial level
- Cross-government
- t Departmental groups
- Reporting lines

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



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

help stat

What are local authorities doing to help ensure the UK meets its statutory net zero target?

e.g.

- Targets
- Actions & plans
- Reporting arrangements

Overarching question:

Are central government and local government working effectively together on net zero?

Are central and local government collaborating effectively to make the most of local authorities' potential to contribute to net zero?

e.g. to

- define where local authorities' role is most critical
- co-ordinate engagement & share good practice
- integrate net zero with wider initiatives

Are central and local government working effectively to ensure local authorities have the right **resources** and **skills** for net zero?

e.g. to

- · Understand skills and resources required
- Ensure funding provided in an effective way
- · Build skills and capacity
- Factor local authorities' net zero role into spending plans

Our approach: key elements of our analysis

e.g.

Targets

Actions & plans

What are local authorities doing to help ensure the UK meets its statutory net zero target?

Key elements of our analysis

1. review [a sample of] publicly available information on local authority climate plans & progress Cross-cutting methods

7. local authority focus groups/interviews/case studies

8. department interviews (MHCLG, BEIS, Defra, DfT, HMT, CO

9. interviews with national representative organisations (LGA, ADEPT) & review of relevant reports

10. interviews with stakeholders (e.g. Climate Change Committee, Green Alliance) & review of relevant reports

11. liaison within the NAO to identify and draw out relevant issues/ good practice from wider NAO work

Overarching question:

Are central government and local government working effectively together on net zero?

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e.g. to

define where local authorities' role is most critical

Reporting arrangements

- co-ordinate engagement & share good practice
- integrate net zero with wider initiatives

2. 'heatmap' of where local authorities' role is likely to be most critical in reaching net zero

3. examine arrangements for engaging across central & local government on net zero, particularly regarding: the development of sector strategies and the overall net zero strategy; and to share good practice.

Are central and local government working effectively to ensure local authorities have the right resources and skills for net zero?

e.g. to

- Understand skills and resources required
- Ensure funding provided in an effective way
- Build skills and capacity
- Factor local authorities' net zero role into spending plans

4. map current funding flows to local government related to net zero

5. examine approach taken for a sample of net-zero related grants open to local authorities

6. review approach taken in the last Spending Review to local authorities & net zero & how plans for this to inform the next SR are developing

National Audit Office

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.



Thank you

For more information about the work of the NAO

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or follow us on twitter <a>®NAOorguk