

Report to Audit and Risk Assurance Committee

20 February 2025

Subject:	Climate Change Strategic Risk
Director:	Executive Director - Place Alan Lunt
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1 Recommendations

- 1.1 To consider and comment upon the Strategic Risk in relation to Climate Change.

2 Reasons for Recommendations

- 2.1 The Climate Change risk on the Strategic Risk Register has both financial and reputational implications for the authority and robust mitigation is required if we are to meet our 2030 and 2041 net zero targets. Effective monitoring of clear and deliverable targets will provide the authority with clarity of progress and enable early intervention where projects are deemed to be failing to meet the expected milestones.
- 2.2 The outcome of a recent internal audit review on Climate Change was presented to Audit and Risk Assurance Committee on 23 November 2023 when three significant risks of monitoring actions, the costing/resourcing of actions and governance were identified. A revised membership structure along with a robust terms of reference along with the updated action plan will provide the strategic ownership and increased profile that is required to ensure the actions have the necessary level of priority for delivery.

- 2.3 The monitoring tool that was implemented following the previous audit report records progress under SMART principles, includes costs, and is used to facilitate governance at Programme Board meetings and Member Steering Group meetings.
- 2.4 This report provides the Committee with an overview of the steps taken to address these risks and the measures taken to ensure governance of the Climate Change Strategy is fully embedded.

3 How does this deliver objectives of the Council Plan?

Growing Up in Sandwell	Children are one of the groups most vulnerable to climate change. Mitigating against, and adapting to the impacts of climate change will help deliver a brighter future for our children.
Living in Sandwell	Delivery of the Climate Change Strategy will improve the lives of our residents in many ways from reducing fuel poverty or improving air quality, through to supporting delivery of council services.
Thriving Economy in Sandwell	Delivery of the Strategy supports the creation of 'green jobs', a huge growth area as we transition to a low carbon and more sustainable economy.
Healthy in Sandwell	Many aspects of the Strategy will directly improve residents health and wellbeing in many ways including by improving air quality and providing better homes, whilst also helping protect them against the impacts of climate change, particularly the young and vulnerable.
One Council One Team	The cross directorate working required to deliver the Strategy will showcase the Council working as one team for our residents.

4. Context and Key Issues

- 4.1 The follow up audit report of January 2025 looked at the progress in addressing the significant risks previously identified. It was acknowledged that *“progress has been made in implementing the previously agreed actions, with a strengthening of many of the processes in place”*.
- 4.2 Embedding the governance of the Strategy has provided challenges as described below, with measures put in place to address this. These were referred to in the follow up report where *“it is acknowledged that the service is still in the “process of embedding the new governance, monitoring and reporting arrangements.”*

- 4.3 Following the Climate Change Board being established, a restructure of Leadership Team was undertaken which resulted in the role of Director of Regeneration and Growth being deleted. This role previously chaired the board meeting and following this change the Assistant Director – Property, Strategic Assets and Land took on the same.
- 4.4 In addition to the above, the wider current membership of the Climate Change Board as per the terms of reference was outdated and did not reflect current roles / positions.
- 4.5 Due to the above, recent Climate Change Board meetings had very low attendance which resulted the effective short-term breakdown of governance arrangements as established, putting the delivery of the Climate Change Strategy and Action Plan at risk.
- 4.6 Since 2016, the Councils CO₂ emissions have reduced by around 44%, with electricity and oil consumption being at an all-time low. Oldbury Council House in particular has shown a large drop in emissions since 2017, reducing by around 60%.
- 4.7 Notwithstanding the above progress, the 2030 target is becoming more challenging and 2023 saw the first year where the Council did not achieve its required annual reduction of 8% with an actual reduction at outturn being 7.89%, lower than the baseline.
- 4.8 In November 2024, a report was provided to leadership to raise these issues and the following measures were agreed:
- The Climate Change Board terms of reference would be refreshed along with a new membership structure to be championed by a member of Leadership Team.
 - That delivery of the Climate Change Strategy and Action Plan is a corporate matter and must be treated as such to ensure appropriate mechanisms are put in place to deliver against the same.
 - The Climate Change Strategy and Action Plan would be refreshed including the viability of current target dates.
- 4.9 Since that meeting, the updated Terms of Reference have been produced and are with the Director of Place for approval. The next Programme Board meeting with the updated membership is planned for early March 2025 and will be used to launch the refresh of the Climate Strategy.

- 4.10 A follow up report to the one provided to Leadership Team in November 2024 will be provided to Cabinet in April. This will provide the most recent data showing our progress towards delivering on our 2030 and 2041 targets and ensure oversight of the Strategy as it is being updated.
- 4.11 The refresh of the strategy and Action plan will ensure that actions use SMART principles and that pathways to provide costs are included where possible. It is recognised that Climate Change is a complex area that can be heavily dependant on Central Government policy and this can affect deliverability and viability of actions.
- 4.12 The monitoring tool is used to monitor actions under SMART principles. This is completed on a quarterly basis and has been provided to Leadership Team and has also been used in the quarterly Member Steering Group meetings with members having a copy to review and provide feedback on.
- 4.13 The owners and primary contacts of the Actions within the Action Plan are aware the Strategy is being refreshed and have been asked to consider how the Actions can be reviewed to better reflect business plans and our 2030/41 targets. As part of the above exercise, the need for actions to reflect SMART principles was emphasised, as was the need to provide costs or a pathway to providing costs.
- 4.14 The updated action plan will mean new deliverables such as Biodiversity Net Gain or Devolved Retrofit Funding can be included and monitored in a consistent manner, allowing for improved oversight and governance.

5 Implications

<p>Resources:</p>	<p>At this stage, it is anticipated that the implementation of the Climate Change Strategy and Action Plan will require additional funding to ensure workstreams as identified can be delivered with detailed costs to be derived from the ongoing development of the action plan monitoring tool.</p> <p>It is anticipated there will be an amount of operational savings once certain schemes are implemented, however, these cannot be detailed until there is a more in depth understanding of what these may entail.</p>
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Legal and Governance:	<p>The implementation of a refreshed Climate Change Board along with appropriate Terms of Reference and membership will ensure appropriate governance processes are embedded at a corporate level providing a greater level of visibility on the climate change agenda and required actions/risks.</p> <p>Several procurement exercises will be required to support the implementation of actions required to deliver the Climate Change Strategy and Action Plan which will be undertaken in accordance with the Council's Contract Procedure Rules and Financial Regulations.</p>
Risk:	<p>There is a significant risk that if the Climate Change Strategy and any required actions are not appropriately considered and managed in the short term, the Council will not meet its commitments deliver on the same and to become carbon neutral by 2030.</p> <p>There is also a significant risk that to achieve the targets as established in the Climate Change Strategy this will require a level of funding currently not budgeted for that will put significant pressure on the Council's MTFS.</p>
Equality:	<p>Climate change will have the biggest impact on the most vulnerable in society and delivering our Climate Change Strategy will help mitigate against this.</p>
Health and Wellbeing:	<p>Without appropriate measures being implemented to support in reducing carbon emission, Sandwell is likely to be affected directly by increased exposure to heatwaves, flooding and air pollution and indirectly via the impact on the food system, livelihoods and the supply of goods and services.</p> <p>Positive impacts of undertaking climate change initiatives include reduction in winter excess mortality, decreases in fuel poverty and longer produce growing seasons.</p>
Social Value:	<p>The changes required to mitigate and adapt to climate change require a huge range of measures and technologies which will improve health and wellbeing and provide new opportunities and skills to our residents.</p>
Climate Change:	<p>Climate change has already had a significant impact on natural and human systems, including increasing heatwaves, storms, wildfires, drought and flooding</p>

	<p>events. Without intervention these will accelerate, with impacts on human welfare and biodiversity that are difficult to predict.</p> <p>Nevertheless, the populations most at risk will be those that are already disadvantaged and vulnerable. Sandwell itself is likely to be affected directly by increased exposure to heatwaves, flooding and air pollution (ozone formation in particular), and indirectly via the impact on the food system, livelihoods and the supply of goods and services.</p> <p>Sandwell therefore needs to both mitigate climate change (i.e. reduce GHG emissions) and adapt to the potential impacts of climate change as an integrated response. There will also be positive impacts of climate change – reduction in winter excess mortality, decreases in fuel poverty and longer growing seasons, that we need to maximise to our advantage.</p>
Corporate Parenting:	There are no direct corporate parenting implications in relation to this report.

6 Appendices

None.

7. Background Papers

January 2025 - Internal Audit Report Climate Change – Follow Up.

November 24 - Report to Leadership Team.