HOUSE OF COMMONS

Public Accounts Committee

Oral evidence: Measuring and reporting public sector greenhouse gas emissions, HC 39

Monday 4 July 2022

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Watch the meeting

Members present: Dame Meg Hillier (Chair); Sir Geoffrey Clifton-Brown; Antony Higginbotham; Sarah Olney; James Wild.

Gareth Davies, Comptroller & Auditor General and David Fairbrother, Treasury Officer of Accounts, were in attendance.

Questions 1 - 90

Witnesses

I: David Hill, Director General for Environment, Rural and Marine, DEFRA; Sarah Munby, Permanent Secretary, BEIS; Ben Rimmington, Director General Net Zero Buildings and Industry, BEIS; Steve Field, Director of Climate, Energy and Environment, HMT.

Report by the Comptroller and Auditor General

House of Commons

Measuring and reporting public sector greenhouse gas emissions (HC 63)

Examination of witnesses

Witnesses: David Hill, Sarah Munby, Ben Rimmington and Steve Field.

Chair: Welcome to the Public Accounts Committee on Monday 4 July 2022. Today, we are looking at how the public sector measures and reports greenhouse gas emissions. We all know that the Government have set a target to achieve net zero in emissions by 2050, which is only 28 years away. The National Audit Office has highlighted that they have had quite a patchy record so far. Some Departments are doing okay, others less so. Public bodies outside of Whitehall are also performing in variable ways.

Today we have officials from three of the main Departments responsible. We are going to ask them about how it is going to ensure that the public sector can both set an example for the private sector and learn from the best of the private sector, ensuring that we achieve our net zero ambitions as a country.

I would like to welcome Sarah Munby, the Permanent Secretary at the Department for Business, Energy and Industrial Strategy. David Hill is the director general for environment, rural and marine at Defra. Ben Rimmington is the director general for net zero buildings and industry at the Department for Business, Energy and Industrial Strategy. Steve Field is the director of climate, energy and environment at Her Majesty's Treasury. A very warm welcome to you all.

Q1 **Sir Geoffrey Clifton-Brown:** Good afternoon, everybody. Ms Munby, could you explain to us why we have three Departments leading on reporting emissions?

Sarah Munby: The core responsibility for defining the right way to report emissions, who should report what and how you should think about scope—lots of the things we will get into today—sits with us in BEIS. That is why I am the accounting officer here. That emissions reporting also forms a subset of two bigger universes of reporting. The first of those is reporting against broader environmental commitments. That is a Defra responsibility. Carbon emissions are just one slice in that bigger pie. Separately, carbon emissions are a slice in a separate and different pie, which is your broader financial risk, annual report type of reporting. That process is led by Treasury.

As you can imagine, we knew we would get a question like this, and we have been discussing it quite a lot as a team. Do we think this is a problem or not? The way it should work is that this is a module that can be inserted into either of those two frameworks. We are not quite at that, but we are very close. I do not think that it would be an improvement to somehow try to say, "We are responsible for this bit of environmental reporting, carbon emissions, and Defra is responsible for this other bit and we do not try to line them up". There is real merit in having us work with Defra.

From a Department's point of view, if you are sitting out there in DCMS, you want to be reporting things on the same cycle and with the same baseline—those sorts of practical matters that make it easier for the user. Defra makes sure that that happens on co-ordination between carbon and the rest of environmental reporting. HMT makes sure that happens between carbon reporting and the broader reporting and accountability structures that sit round the annual report. That is why you have us all here. Ben and I would very much consider ourselves the core accountable people here at the desk, but we work closely in partnership with Defra and HMT.

Q2 **Sir Geoffrey Clifton-Brown:** I understand that definition. I understand all the other harmful gases and one thing and another have to be considered as well, but it is mostly about carbon reporting. Indeed, the discipline required for carbon reporting probably extends to other gases, such as methane. Why can we not get to a system? We have heard of complaints of some Government Departments and some Government next-steps agencies that this whole thing is very complicated. It has different sets of reporting. Why can we not get to one standard set of reporting, with one standard set of annual accounts reporting, one set of auditing, so that everybody knows exactly where they stand and what they are supposed to be achieving, all on the same basis?

Sarah Munby: Let me talk through, in quite precise terms, the very small differences that mean that we do not just have exactly what you described, which is a lock-and-load module of carbon reporting that can go into either your reporting to Defra or your reporting to HMT. There are a few very small differences. I will tell you what they are. I am going to go to my notes because I want to be technically accurate.

One difference is that the Treasury reporting currently—to be clear, my view is that this should be fixed—includes international flights, whereas the Defra reporting includes only domestic flights. That is eminently something we could get sorted out, one way or the other.

The second difference is that the Treasury reporting that you do through your annual report includes physical and chemical manufacturing; that is not currently in scope for the greening Government commitments. That is mostly insignificant. There is only a very small number of public sector organisations where that is a considerable difference.

The final thing is that, ultimately, one is an annual process and the other is a quarterly process. I do not think that is a problem. That reflects a sensible length of period for these two different processes.

I reject the premise of your question a bit, if you do not mind. We are quite close to exactly the scenario you describe. We should absolutely tidy up any further discrepancies. By the way, if there are further discrepancies that emerge during this hearing, all of us would be keen to make this as straightforward and clear as possible.

The idea that some kind of wholesale reorganisation of responsibilities would fix this is not right, not least because there are definitely folks in Defra who would say that other elements of the greening Government commitments are also pretty serious and important stuff. We need to get reporting for them right, so abandoning them is not the right answer. Having them be on an entirely separate framework that is not properly linked through to emissions reporting is not the right answer either. We are pretty close to the right model.

Q3 **Sir Geoffrey Clifton-Brown:** That is not quite true, is it? If you take scope 3, it can, in some circumstances, cause a huge difference. Let us take National Highways. Its basic emissions are about 80,000. When you take scope 3—that is the products and services it is ordering in—it goes up to 200,000. We are still very unclear on what Government Departments are required to report in scope 3. It is still work in progress and it is still work in progress in the private sector.

The private sector has to report foreign travel. On the other hand, if it wants to get a Government Department contract over £5 million, it has to report at least 15 different scope 3 requirements. There is a difference within the private sector and there is still work unfinished in the public sector so we can compare one public sector organisation with another public sector organisation.

Sarah Munby: I completely agree. The public and private sector frameworks are different. We can talk—and I am sure we will—in more detail about that.

Q4 **Sir Geoffrey Clifton-Brown:** It is even within Government. The scope 3 work is still a way from being finalised.

Sarah Munby: Yes, absolutely. I will separate out the two issues. One question—private versus public—we should dig into. The second question is how we handle scope 3 in the public sector. The problem is not an inconsistency between different frameworks. It is, exactly as you say, a maturity question. We do not currently have an obligation across either those covered by the greening Government commitments or indeed more broadly than that. We do not have a data and reporting obligation around the full set of scope 3 emissions. I think that we will get to that.

It is worth saying that it is not quite as simple as saying, “It is definitely a good idea to have everybody report on all aspects of scope 3”. There are different sizes of organisation, for example. Many of the private sector obligations that we will talk about only apply to larger organisations. Asking smaller organisations to report on scope 3 sometimes is not worth it, in terms of the trade off.

It is also the case that for some organisations—and you mentioned a good example—scope 3 emissions are really core to their emissions story. The same is true in the private sector. If, for example, you are using a large amount of cement, if you do not talk about the cement you are using, you are really not giving a fair account of yourself. For your average organisation that operates in an office, it is of course useful to have scope 3—more data in some way is better—but the scope 3 is not the big story at hand. The big question is about how you are doing on decarbonising your heat source and where your energy efficiency is.

There is a little bit of a question here about whether you want us to, in a world of constrained resource and time, focus on making sure that absolutely everybody is reporting absolutely everything, or focus on making sure we are really making a difference on the big things that change. I think that we will get to scope 3 reporting as part of the future of emissions reporting and greening Government commitments, but I would put the caveat that it is not always obvious that adding in more and more reporting requirements is the most impactful intervention that we can make.

Q5 **Sir Geoffrey Clifton-Brown:** The most important thing you said there was that, if we are all concentrating on getting to net zero by 2050, it is the big things that we need to be concentrating on. Clearly, this scope 3, as I pointed out, is a big thing. I totally accept what you are saying about exemptions for small companies and those companies that have minimal scope 3 requirements. For the big organisations, where it makes a lot of difference—I have given an example—surely we ought to be concentrating on those. Otherwise, we cannot really, truthfully and with any certainty work out how close to net zero we are getting and how the progress is going. That is what we—you in the public sector, we in Parliament and the public—want to see. It is the rate of progress, whether we are going to get to net zero in 2050 or not.

Sarah Munby: You have led me to a useful territory that it is good that we discuss relatively close to the top of this hearing. It is worth saying that I am not suggesting that what I am about to say negates the case for asking public sector organisations to report on scope 3 emissions. As I say, for the majority of large public sector organisations that will form part of our long-term reporting requirement.

Your question was specifically about tracking progress to net zero. The way that we track progress to net zero, as a matter of process inside the Department, is not by adding up lots of the bottom-up work that we do with individual organisations. For example, take the private sector, just because, in some ways, it is a cleaner example. We do not go around and look at all the annual reports and say, "What did you report under your SECR requirements? Let me add that up and tell you whether we are getting to net zero or not".

We report top down on the basis of consumption of fossil fuels in the economy. That is something that we can track accurately in a way that is repeated every year. We can tell you definitely what happened. There is no double-counting, whereas scope 3 is, by its nature, double-counting. Your scope 3 emissions are my scope 1 and vice versa. That is inherent in the framework.

For tracking what is happening to public sector emissions, we have an extremely robust data set. We have the people who run it sitting behind me, so I do not want to get overly technical. In essence, it knows, from the energy sector, for example, how much gas is being used by different users. It knows that some of those users are public sector users. It can therefore tell you, "This is the amount of gas being consumed by the public sector". It is not adding up individual people's reporting into Ben and me. It is facts out there in the world. That set of numbers, the greenhouse gas inventory that goes right across the economy, gives us a fully systematic, no gaps, no overlaps, fully robust—it meets all the UN reporting standards, et cetera—way of answering your question at heart, which is whether we are on track.

The other sorts of reporting that we do, including the greening Government commitments, are useful for other reasons. They are useful for informing policy, for going and hassling people who are not meeting their commitments and for all sort of other actions. For fundamental tracking purposes, we look at the real top-down use data that cannot be faked. It does not have error. We do not use this sort of policy and incentive-oriented data to answer that question.

Q6 **Sir Geoffrey Clifton-Brown:** That is really helpful. Are you satisfied that the current coverage given to your requirements does not cover all of Government? There are exemptions, for example.

Sarah Munby: I might ask David to come in on this, because this is a question of the scope of greening Government commitments, which is ultimately one for Defra. I am happy to comment further.

David Hill: The exemptions tend to be based on, for example, de minimis thresholds. For example, if an organisation has less than 500 metres squared of floorspace or fewer than 50 people working for the organisation, that might be grounds to grant an exemption. We have a few very small organisations that are indeed exempt on that basis.

There may be some exemptions in the interest of simple reporting, where, for example, an organisation has dual status. It is perhaps both an agency and a trading fund. In the interests of having one set of reporting requirements, there might be an exemption granted there.

There may be exemptions where complying with the greening Government commitments of itself would frustrate the purpose of the organisation. Some defence organisations, some organisations like the Medical Research Council and so on have certain exemptions under certain parts of the code.

There is no organisation that is exempt from the greenhouse gas reporting targets purely in relation to that target. If they are granted an exemption, it is because they are caught by one of those other exemptions.

Q7 **Sir Geoffrey Clifton-Brown:** While you are on your feet, metaphorically speaking, there is a difference between Defra and HMT reporting. Under HMT, you classify emissions by scope, but Defra's GGC targets do not use this categorisation. That is an example of the different requirements between the different Departments. I do not know whether you want to answer that or whether Mr Field from Treasury wants to answer that.

David Hill: The technical content of the emissions targets within the greening Government commitments sits with my BEIS colleague. We rely on them to tell us what the right target is.

Sarah Munby: I am happy to take this one. The answer is that it is exactly the same. As it happens, currently the greening Government commitments do not use the word "scope". We should update that, but it is a name issue, not a content issue. It is a completely fair point. We should fix that between us, but it is not a question of content.

It is just whether you describe scope 1, scope 2 or direct and indirect. Some people find one clearer, some people the other. We should probably mutually use identical terminology. For those who work in this area or who are responsible for their organisation's reporting, that would be unlikely to cause any significant confusion, but we should tidy it up.

Q8 **Sir Geoffrey Clifton-Brown:** Ms Munby, you have twice now—I am not getting at you in any way, please—said that we should tidy this up. Can we have some form of understanding this afternoon that all these differences in definition and slight differences in standard between the three Departments will be synchronised? For people working in Government Departments out there, it would be much easier for them to understand.

Sarah Munby: I am really happy to take away an action to look at that and come back with an answer on how and when we should bring them together. I would emphasise, however, that these are extremely minor deltas. That does not mean we should not fix them, but these are two frameworks that are 99.5% identical. We should fix the remaining 0.5% to clarify for the listener.

Q9 **Sir Geoffrey Clifton-Brown:** I understand that. I will go back to you, Mr Hill, on exemption. All we want to see here is transparency. The public want to know how and what Departments are doing in this whole net zero. Why can we not have a full list of all the exempted bodies?

David Hill: We have a list in the last published report of all the bodies reporting under the commitments. Since that report was published, we have tightened up some of the exemption criteria and we are currently, with Departments, making sure that all Departments understand those tightened up criteria. We are making sure that, where there are any gaps or doubtful cases, we have worked through those. We are working towards having a full list of both bodies in scope and bodies exempted and the reasons why. Our aim is to publish that as part of the first report under the refreshed 2021 to 2025 framework, which we expect to have out this winter; that is coming.

Q10 **Sir Geoffrey Clifton-Brown:** That is very helpful. Thank you very much. I have one final question for you, Ms Munby. Whether it is private sector or public sector, there is no point in making the requirements so onerous that we simply shift the problem to elsewhere in the globe. We have a classic example this morning of a national scientific journal saying that a fifth of all food-related greenhouse gas emissions are coming from transporting edible products across planet, seven times higher than previously thought. That is something that I have been saying for a long time. There is no point us just shifting the problem elsewhere. We close coal-fired power stations, but we then import electricity from countries that generate with coal-fired power stations. What are you doing in this field?

Sarah Munby: That is a question that goes far beyond the question of public sector decarbonisation.

Q11 **Sir Geoffrey Clifton-Brown:** I asked you the question because you are in charge of this whole policy.

Sarah Munby: I know. I am going to answer it. It is just a useful thing to celebrate that it is not particularly a concern that what we are talking about today is exporting carbon emissions. It is making real underlying changes to our estate.

Across of lots of areas, there are, essentially, policy options that you could take to reduce your carbon emissions in this country that result in shifting carbon abroad. You have talked about one. There are lots of industries. You get this question in the North Sea and with steel: "If you shut down what you do here and all that does is push things overseas, it is not the right thing to do".

There are two things to note. The first thing is to say that we measure this. Defra publishes—I think it has just recently come out, in the last few weeks—consumption emissions for the UK, so that you can factually answer the question. That shows, by the way, that our consumption emissions are reducing very significantly, not quite as fast as our territorial emissions but also quickly. The reason for that is that we are really careful about the point that you mention.

I will go into detail for one minute, because it is so different by policy area. You cannot give a general answer. Something like changing a steel furnace from a blast furnace to an electric arc that is supplied by renewable electricity is a tick from a carbon emissions perspective. It is genuine, hardcore reduction. You are changing the way that you do things. Closing down that steel plant is not doing anything for the global picture. It is just helping you territorially. The same is true in agriculture. There are subtle differences.

Therefore, it is about the detailed policy designs and interventions that you take in any individual area. It is something that anyone who is working in this field is thinking about seriously. Let us say industrial decarbonisation, which is Ben's world. It is trying to make sure that we are not leading to things shutting down. We are leading to them changing their operations. The same is true in the North Sea, where the North Sea transition deal is all about electrification of rigs, for example. It is this sort of work that we need to do, not take easy answers of pushing things overseas.

The CCC have had some quite kind things to say about our progress in this area. Most of the change that we have made is, and the numbers that you see are, a consumption reduction. There is no straightforward magic bullet. It is about high-quality policy design in each and every area that makes sure you are doing the hard work of change, not just exporting industry. David, you might like to add on consumption emissions.

David Hill: Sarah has largely covered it. We measure consumption emissions. The stats are referred to as experimental in the NAO's report. The experimental label has been dropped as of the latest publication, on 28 June. They are now official statistics. They are not used for our international reporting obligations under the UN Framework Convention on Climate Change, which requires us, alongside other parties, to report territorial emissions, but we have developed this data set because we think that it gives us additional insight as we think about policies and avoid the perverse consequences of policies. Agriculture, which my Department is responsible for, is a very obvious case in point. There is no point decarbonising agriculture at home if we import food products from high-emitting countries overseas.

Q12 **Sarah Olney:** Ms Munby, I want to come back to the beginning. You were talking about how the relationship works well between you and Defra in terms of this reporting. One of the observations we have made as a Committee on a number of different occasions, particularly with regard to net zero and the broader fight against climate change, if you like, is how many different Government Departments are involved in this work. It tends to be stove-piped.

Apart from yourselves, we know that there are big roles for the Department for Transport and the Department for Levelling Up, Housing and Communities. It always seems to us that there is lots of activity going on in different pockets. On this particular issue about reporting carbon emissions, you have said that it works well as it is at the moment. Do you not think that there is a role for a single team or single Department to be driving the net zero agenda across Government?

Sarah Munby: There is. That is us. To be clear, the person who you should be holding to account for the question of whether this all works is me, as the BEIS accounting officer. It is just that we have to work with these guys because they use the reporting product that we are in charge of as a component in their two structures, so I would absolutely say that there is.

If I may comment on the first part of your question about lots of Departments being involved, I absolutely do not apologise for that. The transformation of the economy that is required in order to meet our net zero obligations is a whole-of-Government effort. It will always have accountabilities that sit right across the system. Clearly, we work to try to make that system operate as effectively as it can, but, ultimately, the question of how you decarbonise the transport system cannot be taken out of the Department for Transport. It is completely, inextricably linked with every other part of transport policy. It is the same for agriculture.

That structure of it being a cross-Government effort is right. We actually have a pretty good track record. We managed to get a world-leading net zero strategy out that was a whole-of-Government effort, including working out the sectoral effort shares right across the system. I worry that the desire to have a neater or a different framework is not one that would necessarily improve our ability to effect change.

Q13 **Sarah Olney:** I will ask a slightly contentious question. I accept everything that you have said. You are obviously working hard and there is a need to work across Government. Does it make a high enough priority in the Government as a whole if it sits in BEIS?

Sarah Munby: I do not think that the organisational question of where it sits is the one that drives its priority. Before I come back to the priority question, there is an implicit question of whether it is a high enough priority.

Sarah Olney: I am happy to make that an explicit question.

Sarah Munby: Maybe I will just say something about why it sits in BEIS. Clearly, there is an alternative world, in which you could have co-ordination done by a separate co-ordination organisation. Let us call it, for the purposes of discussion, the Cabinet Office. It could work across the system. I forget the exact number. I am going to give a number and it is not accurate: 70%. We can write if I have got it wildly wrong. The majority of emissions fall in areas controlled by BEIS, because of our responsibility for the energy system, for industry, for buildings. You would end up with a co-ordinating body that spent 70% of its time co-ordinating us, and that is quite inefficient.

By keeping this done out of BEIS, the core delivery Department for net zero, you, frankly, minimise reporting burden, overlap and duplication. That is why we do it this way. You could do it a different way. It would have pros and cons. It is all working alright, and I think that that is what colleagues around Government would say. Clearly, there is an alternative model and that could work too.

There is the question of prioritisation. I do not think that the problem of whether net zero is a priority comes from the administrative arrangements made in Whitehall. We have to have good, competent, effective arrangements. I think that we do. Other frameworks exist too. It comes from the level of political priority put on this question, which is not a question for us. It is an agenda that the Prime Minister has put his personal name and heft behind. That has been reflected in the net zero strategy, in the recent British energy security strategy and so on.

I would not say at the moment that a lack of priority is a particular issue. It could of course, under any Government, at any time in the future, be the case that a Government could choose to deprioritise this agenda. I do not think that any organisational arrangement in Whitehall would be the fix for that. The problem and the solution are of different types.

Q14 **Sarah Olney:** The public sector has a target of achieving 50% reduction in direct emissions by 2032 and a 75% reduction by 2037, compared with emission in 2017.

Sarah Munby: That is right.

Q15 **Sarah Olney:** Are we on track to achieve that?

Sarah Munby: Mathematically—let me do that bit—the current set of targets, organised under the greening Government commitments, were agreed before the net zero strategy was made. That is the document that you are, effectively, quoting with those targets. Those targets were set before the target was strengthened. They are based on the previous target from the previous set of Government bodies. I say that to explain what I am about to say.

If you followed a linear trajectory, taking the existing targets and projecting them forward, you get to over 70% reduction, but not quite to the 75% that is our target. That is why we would expect that the annual push is going to have to accelerate a bit as we move out towards to 2037. That does not particularly bother me, because you would not expect this to be an entirely linear process.

Ultimately, one of the really big levers here is that you need to, not to put too fine a point on it, replace boilers. You are taking out gas boilers and putting in various forms of electric heat that you then power with renewable sources. That is the big journey that we are physically describing here. You want to make sure that you have replaced every boiler at the right natural replacement cycle. You do not need to do them all right now. You need to do them at the point at which the boiler is ready to be replaced, such that they are all done by the time you need to reach zero boilers.

The fact that it is not a linear journey is okay. It does not need to be linear. I thought that it was worth quoting the 70%-plus number, because it gives you a picture. We are doing pretty well at being on track. We are not 100% mathematically on the straight line, but we are close. We think that, because of this point about the cycle of replacing boilers, you catch up, particularly, frankly, as alternatives to boiler technology become cheaper and more effective.

Q16 **Sarah Olney:** You are talking about this line, this linear progression. What data do you have that is feeding into that? How do you know what this line looks like?

Sarah Munby: Very straightforwardly, taking the carbon emissions that are in scope at 2017, we want them to be 75% less by 2037. We know where we are now, so we know the gradient of the line. You need to hit there. We are a bit above. Currently, we would hit a 70% reduction, not a 75% reduction, so we need to accelerate a bit down to hit that 75%. What I am describing is nothing more sophisticated than that.

Q17 **Sarah Olney:** Is that using the top-down measure that you referred to earlier, or is that using the sum of the individual Departments reporting?

Sarah Munby: All that it is answering is the question of whether we will hit this target.

Q18 **Sarah Olney:** I am trying to understand what data you are using to draw the bit of the line you already know about, if you see what I mean. From 2017 to now, what data have you used to draw that line? I am wondering if it is the top down you talked about in your earlier answer, or whether it is the sum of all the Departments reporting.

Sarah Munby: Because that target is about the sum of the departmental numbers, as opposed to being an inventory target, it is the sum of the departmental numbers. Ben, you might comment, but I would expect to get a pretty similar picture if we did the parallel calculation with the inventory numbers, although I do not have that off the top of my head.

Q19 **Sarah Olney:** No, I understand that. I am just trying to understand how you know where we have travelled and how far we have travelled in the last five years. What numbers are you using?

Sarah Munby: It is worth saying, while I have the opportunity to praise past success, that, if you look just at the set of the greening Government commitments, central Government, we have seen a 50% reduction over basically the last 10 years. One thing I would say to all the discussion about how we could improve, tidy up and do all those good things that we should do is that the framework is working pretty well. The NAO recognised that in its report, where it said that this has been pretty stable and functioning over time. The hit rate of people meeting their targets has been good. Never rest, but we do think that, fundamentally, this approach is delivering high-quality carbon reduction at a good rate.

Q20 **Chair:** That is a positive gloss. As I said at the beginning, it has been a bit patchy. There have been some good examples, but there are weaker ones. What are you doing about the weaker Departments?

Sarah Munby: I will say a couple of things about the carbon element of this and I will slightly speak for David; David will probably come in and correct me in just a sec. It is worth saying what the fundamental enforcement mechanism for the greening Government commitments overall is. It is not really about officials phoning each other up and telling them that they are not doing a good enough job, although we can do that.

Fundamentally, this is a transparency framework and accountability comes from, at one extreme, Parliament and others. You can see whether Secretaries of State are leading their Departments in a way that means that they are meeting their greening Government commitments or not. There are many powerful levers for affecting the behaviour of those Departments. Although my team will absolutely go and pester, I do not think that is fundamentally where change comes from.

We make sure that, where this is about a lack of ability, understanding or knowing what to do, not just BEIS but the Government Property Function and so on now have quite a rich set of, effectively, operational advice. There is the net zero playbook, which is a property product, as it were. If you run a Department, that is your instruction book. You can go and work out exactly what you should be doing.

Our responsibility is to make sure that people understand how to report, can report in a way that is consistent and transparent and that we equip them with everything that they need in order to achieve. We make it visible that we all have collective frameworks, including HMT having a really important role here, that make whether they are achieving or not visible. The ultimate question of enforcing on Department X what it does or not is a broader question. That is about accountability in the public sector in its broadest sense.

Q21 **Sarah Olney:** I have two follow-up questions to that. First, which particular Departments do you think are falling behind, in terms of their carbon emissions, not the reporting but are not reducing carbon emissions as fast as others?

Secondly, I wanted to come back on what you were saying there. You are providing the framework and you are providing the tools for reporting. Does that not slightly undermine what you said in response to my opening question about you being the Department that is really driving the change? Surely you need to be doing a bit more than just facilitating. Could you answer the first part of that question first? Which Departments do you think are not going as fast as others, in terms of reducing carbon emissions?

Sarah Munby: I do not think that we have any problem children in terms of co-operation. You will see different rates of progress by different Departments. Indeed, if you look in the greening Government commitments, you can see the targets that individual Departments have set. They are not all the same. Take a Department like MoD, for example. It is really difficult to decarbonise bits of the picture here, the same as different sectors of the economy. I do not think that we have any particular problem children. I am hesitant to, from memory, name the very small number of Departments—I think that it is two or three—that have not met their greening Government targets in this cycle. It is not big fall-offs.

Q22 **Chair:** We are getting theoretical here. It is figure 3 on page 27. For illumination, the ones that did not meet their target were DCMS and FSA. It is there, laid out very clearly for people to see. It is a little less theoretical.

Sarah Munby: Thank you. That is really helpful and reflects what I was saying, which is that it is a relatively small problem. That does not mean that we should not work with those Departments.

The bigger part of your question goes to the whole net zero agenda really, not just this. Of all the things that you would wish to harass other Departments about—given the performance, with people mostly meeting their targets—this would not be number one on my list. The bigger question for the Department for Transport, say, is not this number, although I would like to see progress please. It is what it is doing to drive the uptake of electric vehicles and the success that they are having there. It is the same problem in every case.

We have a Cabinet Government and all sorts of efforts that need to be done cross-Government. Secretaries of State need to be held to account by the Prime Minister and the political system. That is how we work. There is the idea that different kinds of bean-counting going on in Whitehall would fundamentally change the behaviour of the Defra Secretary of State or the DfT Secretary of State. I do not recognise that frame of thinking about the way that we should encourage Departments to work on net zero.

Departments work on net zero and the evidence is there that there has been lots of work done right across Government on this, not just here but, as I say, in the policy arena that matters more, because that is the intent of the Government and their Secretaries of State. I am not going to sit here and take personal responsibility. I can tell you whether they are or not, but it is not for any co-ordination Department, whether BEIS, Cabinet Office or anyone else, to enforce a particular set of behaviours on Secretaries of State. That is not how our system works.

Q23 **Sarah Olney:** To go back on some of these targets, so far you are thinking that most Departments are meeting their GGC targets. You are not worried, apart from the two exceptions that are mentioned in the report. We do not know at the moment whether those GGC targets are actually sufficient to get to net zero. Am I right? It is not actually a line. It is not actually, "Meet all these targets and then net zero will happen". What are you doing to bring those two things together?

Sarah Munby: That is a very sensible question. There are a few steps to that thread. There is the 75% target that you talked about earlier. The full picture of the net zero strategy, as you can imagine, is underpinned by—I do not want to trivialise it—a spreadsheet that knows, "This needs to go down by this. This needs to go down by this. This needs to go down by this". That is talked about in the net zero strategy quite explicitly. At that level, we know and can see what is happening and we can use the inventory to do that.

There is the separate question of the component of emissions that is covered by the greening Government commitments. To fit in the cascade of targets down from whole economy to public sector to central Government and the greening Government commitments, we know what that trajectory should look like. It is for us in BEIS to ensure that the targets agreed with individual Departments can add up to the overall trajectory that we need. We are going through that reconciliation process at the moment for the latest series of targets.

We obviously set the targets with that in mind, so it is not like we expect that the reconciliation will cause a problem. That is exactly the frame that we go into the negotiations with. We are trying to get all these departmental negotiations to add up to a central Government contribution to climate change that fits in with a bigger net zero picture. If you ask me the question of whether I can assure you that the just agreed set of greening Government commitments definitely do, the formal audit of that is currently in progress. We will very happily update you.

Q24 **Sarah Olney:** I think that the current cycle is 2021 to 2025. Is there a danger that Departments will meet those emission targets, but it will turn out that they were not sufficiently challenging and that gives us a long way still to go? If those targets had been more challenging, we would have been on—

Sarah Munby: In theory, that could happen, but that is what we work to prevent happening. Do you see what I mean? That is our job. Our job is to ensure that the targets are sufficiently stretching, so that they are reasonable and not wasting public money. There is a flip to what you are saying, which is that you could make the targets tougher. If you tell everyone that they have to fix everything tomorrow, you buy a lot of overly expensive interventions and discard a lot of well-functioning boilers.

It is not a one-sided picture. We are responsible for making sure that those targets add up and, over time, deliver a trajectory that reaches net zero. As I described, we are not quite on the linear path. We are on a slightly curved path and we are happy with that. Yes, you should absolutely call me back in in five years and, if I have been wrong, tell me. There is no better answer than that.

David Hill: There is also some scope within the greening Government framework for re-baselining within a five-year framework. For example, the emissions target was hit early for a number of Departments, so at Defra, for example, we had a stretch target. We achieved that. That applies across the greening Government framework. The whole point of the framework is to continually drive improvement. If we felt that we had lowballed on a target, we could re-address it within a five-year period and up our ambition again.

Q25 **Sarah Olney:** This is a question for each of you now. Can you give me some examples of how you are using the data that you are reporting in each of your Departments to drive improvement?

Steve Field: I assume that we are using it in a similar way to other Departments. The greening Government commitments give us an opportunity every five years to see our progress and think about how we can bear down on waste in the Department. For the Treasury, it is things like reducing the number of business flights. It is reducing the amount of paper that we use in the Department, which has come down considerably over the last few years. It goes through all our operations, although the Treasury's operations are probably slightly simpler than many other Departments'.

Q26 **Sarah Olney:** Do you have any other specific examples of what the Treasury has actually done to meet its historic targets for this?

Steve Field: If you look across Departments as a whole, and Sarah picked up on this earlier, one of the things that has driven the achievement of the targets overall, certainly on carbon, is the decarbonisation of our energy system in the economy more generally. That drives down the carbon emissions for the public sector.

Q27 **Sarah Olney:** How has the Treasury specifically achieved that? Have you changed your energy supplier?

Steve Field: The carbon intensity of our energy is going down over time, as it is for the country.

Q28 **Sarah Olney:** Mr Hill, can you talk a bit about how you have achieved your targets in Defra?

David Hill: The data that we get through greening Government commitments is helpful in guiding us towards the commitments that are most challenging for us. To give you an example in relation to direct emissions, the Environment Agency has quite a number of energy-intensive operations, pumps to pump during a flood, for example. The capital programme on flood defences pours a lot of concrete, for example, although we are building up nature-based solutions as part of that programme.

Understanding those hard-to-reach parts of our programme is really important when thinking about where we target our investment. We will be bidding into the public sector decarbonisation scheme, for example. We have an innovation programme within the floods programme within the Environment Agency, looking at whether you can come up with low-carbon treatments of some of the capital projects that it needs to do.

Other elements of the greening Government commitments that are hard for us would be around waste. For Defra group, for example, an awful lot of our waste—around 85%—comes from our non-office operations: laboratories, animal health and so on. That is intrinsically difficult to recycle and much of it is incinerated. We are using some of our R&D to think about what the alternatives in the future around waste might be.

Likewise, we are putting extra money into Forestry Commission. The reasons our figures on landfill are relatively high compared to some other Departments is because quite a lot of chemically treated timber is not suitable for recycling and currently goes to landfill. We are investing in ways, with the Forestry Commission, where we can think about how we reduce its environmental footprint over time. The framework as a whole is holding a mirror up to our operations and helping us work out what the difficult bits are that therefore we need to target money and innovation towards.

Q29 **Sarah Olney:** Mr Rimmington, are you best placed to answer for BEIS?

Sarah Munby: That is for me. It is operational, as opposed to policy work. We have installed PV panels, LED lighting and energy monitoring software. We have a zero emission electricity supply, the question that you were just asking Steve about. There is quite a lot across our core office estate.

For an office estate, to reiterate what I said earlier, there is a relatively well-established playbook, which we would encourage all public sector and, if I may say so, private sector organisations to follow. There are lots of things you can do that have a very serious impact. We have seen an 81% reduction in our emissions.

It is worth saying that, like Defra, we have partner organisations and ALBs that have some more deep and challenging questions. The research base is an obvious one where there is some high energy use. Running a supercomputer, if you are the Met Office, uses quite a lot of energy. For us, the deep work is in the science and research organisations that we support. We are making fantastic progress on my direct running of the office, but I would not want to suggest that that is the biggest game in town, although I applaud the work of the team that has been doing it.

Q30 **Sarah Olney:** Mr Hill just referred there to the public sector decarbonisation scheme. Is this you now, Mr Rimmington? We have come to you. This exists to fund particularly some of the innovation that is required in order to help to achieve net zero in the public sector. What use are you making of the data that is being collected by Departments through the greening Government programme to work out where investment is most needed?

Ben Rimmington: The policy answer to the previous question is of course that we are using the data that we gather from greening Government commitments reporting and all other kinds of reporting to help us devise future strategy towards public sector decarbonisation. That is our strategic policy objective. Particularly, we use it when we are thinking about how to design the waves of the public sector decarbonisation scheme, how we score certain types of application and how we are valuing the amount of carbon that we get for certain levels of investment.

We look at case studies of what has been achieved with certain projects, so we can think about how we evaluate the value for money for other projects that will come forward under that scheme, the balance that we need to put between the capital funding and the skills funding that goes alongside it to help people develop those projects. There is a feedback loop on the policy side as well as on the operation side.

Q31 **Sarah Olney:** What is the data telling you are the investment priorities across the public sector?

Ben Rimmington: For the majority of the public sector, the priority is buildings, as Sarah was saying. This is largely about, first, the insulation, fabric first, and then the replacement of the heat source, which will normally be a heat pump. It can be connection to heat networks that we then have to decarbonise. In the future, it could be hydrogen heating as well. That is always possible, depending on strategic decisions we take on that in due course.

The balance of the funding we have to split between, on the one hand, energy-efficiency measures and, on the other, decarbonising the heat source, is one of the things where the feedback was particularly important, as the price of technologies changes over time in response to innovation on the one hand but also inflationary and other market pressures on the other.

Q32 **Sarah Olney:** Do you think that you will be able to use the funds available to you to actually be investing in the kind of innovation that is going to be required? We have been talking about boilers. We have been talking about energy sources. We have been talking about recycling. Clearly, there is still some innovation required to solve some of these issues. Do you see a role for the public sector decarbonisation fund in terms of generating some of that innovation, if that is the right phrase?

Ben Rimmington: Up to a point is what I would say. We will be able to spread best practice across different public sector organisations. The public sector decarbonisation scheme exists. It is quite Ronseal: it does what it says on the tin. It is there to drive projects for capital investment to decarbonise public sector buildings.

We have lots of other sources of funding to support innovation, whether it is energy-efficient projects, in heat pumps specifically, and all kinds of stuff to do with green technologies more widely. It is much wider picture in which one situates the PSDS.

Q33 **Sarah Olney:** I suppose that I was just following on from what Mr Hill was saying about some of the bigger challenges. What is the role of your fund in helping him and his Department overcome those challenges?

Ben Rimmington: The first role of our fund is, when there are projects that meet the criteria, we can fund them, so they can be taken forward. Where there is a particularly innovative approach that they want to take, that can be part of the business case that will be presented to us for the funding under the fund. There are also wider questions about value for money across the public sector and how we procure heat pumps, et cetera. I do not know if you wanted to add anything from Defra.

David Hill: We will be bidding for some air source and ground source—

Sarah Olney: Make a pitch.

Sarah Munby: This is not an opportunity to lobby the public sector decarbonisation scheme.

Ben Rimmington: No deals have been done.

David Hill: This is an incredibly helpful session. We will be bidding for some end-of-life heating systems and decarbonising those across our estate. Those will be the main areas. To clarify, we also had some additional work going on within our own operations around thinking about innovation in some of our big capital projects as well.

Sarah Munby: To Ben's point about the public sector decarb scheme not being the only game in town, to give you an example, we part-funded, through the Energy Systems Catapult, the modern energy partners work. That was specifically about helping large, mixed-use public estates employ innovative techniques and build a pattern for how they might reduce their emissions. It is just an example. It is not a solution to all things. It is not necessarily looking to fund exploration, early-stage innovation and discovery type work; this is more about, "Meet my carbon threshold. Show me you have a deliverable plan. I will give you the money".

We have a range of other ways of helping people through the experimentation and innovation problems, which are often the same in the public and private sectors. We would not go after them with a purely public sector hat on, often. There is something like hydrogen for heating, which we have a whole great programme around. It is not a public sector question. It is an economy question of which the public sector could be one user.

Q34 **Sarah Olney:** To finish on this investment section, you have talked about the fact that this is the first five years of your tracking towards your target. How much of this bit depends upon technology that does not yet exist? To what extent are you driving investment in that technology?

Ben Rimmington: In the conversation we are having today, it is not an enormous amount. The key opportunity for the buildings decarbonisation in the way we are talking about here is about the cost reduction of the technologies over time. Particularly on heat pumps, we think that the costs there are going to come down quite materially. We could be at parity with current gas boilers by 2030. That is where the value from the innovation is really going to come through for the projects we are looking at under the PSDS.

There are other innovation opportunities, particularly under the heat sources. Hydrogen is the obvious case in point. We are not sitting here today with a clear view as to exactly what the role of hydrogen in heating is going to be. We need to amass more evidence. We will take a decision in 2026. There are those kinds of big decisions. In terms of being able to decarbonise the public sector estate, we have the technology in place and it is about the implementation, efficiency and cost reduction.

Q35 **Chair:** Outside the greening Government commitments rest local government, schools, hospitals, which are quite huge areas if you take just the physical estate alone. When our sister committee, the Environmental Audit Committee, looked at local government, what it does and how it reports it was quite patchy. I do not know, Ms Munby, whether you feel that there is a gap there in what you could be doing to encourage it to achieve more against the targets.

Sarah Munby: At a high level, yes. We talk in the net zero strategy about the need over time to issue more comprehensive guidance across the public sector as a whole, so going beyond the central Government chunk that is covered by the greening Government commitments we have been talking about so far. We also talk about the potential need at some point to legislate if guidance is not sufficient. Yes, I absolutely acknowledge the gap.

It is worth saying, though, that, while we do not have a comprehensive, all-singing, all-dancing answer, different segments of the public sector are doing really good things. The NHS has its own target. It has some really good, high-quality reporting. DfE's latest strategy on sustainability for the education sector sets out a pathway there. There is definitely some stuff to be done in terms of bringing it all together at the top, but I would not want to leave anyone with the impression that the wider public sector is standing there, waiting for a wonderful guidance document from me to solve its problems. We are seeing productive work happening, admittedly within the stovepipes, to use Ms Olney's language.

Q36 **Chair:** Let us go back to local government. That is really engaging with people. It is dealing with things that matter to them that they deal with every day, from waste collection through to green energy companies to electric vehicle charging. There is a whole gamut of things that are green, let alone greening things that need to be greened, where local government is the best. I cite my borough as doing a good job, doing very good work there, but some are not so good or not, for various reasons, able to do it. The danger is that you can have this devolved down too far and see this patchiness. Who is going to bring that up to scratch? Who is going to bring it all up to the same standard?

Sarah Munby: We have talked about it in this forum before as well. We think that there is more work to be done. It is worth saying that it is joint work. It is work that we need to do in combination with local government Ultimately, you have organisations that themselves face a series of competing challenges and pressures. We need to make this work, which is why I am reluctant to say, "The answer is that I shall issue a very detailed and prescriptive set of reporting requirements".

Q37 **Chair:** I am not saying so much about prescriptive guidance. If there is good practice going on in one area, whether it be one hospital, one school or one local authority, how are you going to make sure that learning cuts across? Perhaps linked to that is the fact that the public sector decarbonisation fund is £1.4 billion, which is very little when you think about how far it has to spread. Are you making sure that anybody who gets any of that money is passing on the learning as they go? It is pretty critical that you get double-bubble for the money: not just the achievement on net zero but a learning curve that means the rest of that sector also learns from it.

Sarah Munby: I just want to complete the thought on local authorities, and then we should answer your question about the public sector decarbonisation scheme specifically. We have tasked the local net zero forum, which is our place for doing this joint work that I was talking about, with a number of work streams. As you rightly point out, it has quite a lot to do. There is quite a lot here. Specifically on the topic we are talking about today, we have asked them to take forward this question of monitoring and reporting frameworks.

I thought I would take the opportunity to plug the fact that we provide a number of non-mandatory tools. Those include SCATTER, which is essentially a standardised reporting framework for local government. It is used at least in part by over 90% of local authorities. Both the demand and the supply are there. We need to work with local government to get to the point where we are all happy to say, "It needs to be done this way and this way only". We have more to do. I agree that we want to get to something in that space, very much in the way the net zero strategy describes.

Q38 **Chair:** Just on that, buying your average citizen in to this and benchmarking are both quite important. Presumably SCATTER, which you were talking about, is one way of benchmarking against equivalents.

Sarah Munby: Yes, exactly. The more standardised reporting that you can get to, the more it enables benchmarking. I totally agree.

Q39 **Chair:** The danger is there is a lot of greenwashing and there is a lot of reporting that is not easily benchmark-able. It is very confusing for a lot of people. A lot of the people listening to this will be really rather confused.

On that point, before we move on to the public sector decarbonisation fund, bearing in mind that the Climate Change Committee's report to Parliament on 29 June was pretty trenchant about tangible progress lagging behind the policy ambition and there being little concrete progress on the crosscutting enablers of the transition, could you give us some concrete examples of the success that you have been very gung-ho about, if I may say, in this hearing? Can you give us some actual concrete examples? I do not know whether you disagree with the Climate Change Committee, but they have not been as positive as you have.

Sarah Munby: If we are going out to the world of climate change more generally, there has been continued progress on the decarbonisation of the electricity system and operational progress on carbon capture. We have assigned clusters; we are getting fantastic feedback from investors; we are making really good progress.

Q40 **Chair:** Can you tell us exactly what progress there has been on carbon capture and storage? We have looked at that a lot on this Committee and we have had failed competitions that have delivered nothing.

Sarah Munby: We have identified our clusters. We have identified two leading clusters and a reserve cluster. We are running a process to define the individual fundable projects. We have money behind it to do it. Even since the publication of the net zero strategy, there has been real concrete progress.

Q41 **Chair:** It is just that the last two competitions for carbon capture and storage did not deliver anything for the money that was put in. That was before your time.

Sarah Munby: It is fair to say that the history of carbon capture and storage is one littered with challenges and stop-start—

Q42 **Chair:** You are very positive that this one is going to be a huge success, or am I overplaying you?

Sarah Munby: No, we are pretty positive.

Ben Rimmington: We are very confident.

Sarah Munby: We are pretty confident. If I may say so, the reason we are pretty confident is not because we think we are somehow brilliant; it is not that at all. We are confident because we are seeing the private sector respond. It is those investors who are going to make this change happen. It is the amount of private sector investment that is being put behind the agenda. We have to enable that, of course, but that is the thing that has changed. Just to be clear, that is why we are optimistic.

Q43 **Chair:** Let us titillate our audience. When will we see carbon capture and storage delivering something in the UK? By roughly what date will it happen or in what window will it happen? I will give you the opportunity to put a window on it.

Sarah Munby: We have committed to have two clusters up and running by 2025 and another two by 2030.

Chair: You are confident that you will.

Sarah Munby: Yes.

Q44 **Chair:** You said "up and running", so it will actually be capturing carbon and storing it by then.

Sarah Munby: Yes. Clearly, the scale grows over time. This is a nascent technology that grows, but yes.

Q45 **Chair:** In three years' time, we will see some of that happening.

Sarah Munby: Yes.

Q46 **Chair:** That is amazing. We look forward to seeing that, because we have been quite cynical on this Committee, having seen some failures in the past.

Let us go back to the public sector decarbonisation fund. It is £1.4 billion. What concrete examples have we seen of that delivering something that is replicable?

Ben Rimmington: I could give you a whole list of projects.

Q47 **Chair:** Yes, give us some examples. We just need some real examples, because it is a bit theoretical at the moment. We need to know what is happening.

Ben Rimmington: Northumbria Healthcare NHS Foundation Trust got £22 million for a low-temperature water-heating system at North Tyneside General Hospital alongside solar panels, insulation and double-glazing. It is funding that kind of project.

Q48 **Chair:** How are people learning from that? If you have a low-temperature water-heating system, how is the lesson learned about how to deliver that then being passed on?

Ben Rimmington: I can give you a list of the projects, but monitoring and evaluation is something that is continuing on a rolling basis across all the phases of the fund, specifically, as I was saying before, to inform the way that we prioritise investment across the different types of facilities required by projects and, in particular, the distinction between how much goes into insulation and how much goes into heat-source decarbonisation.

Chair: Let us take that example. Forgive me. You may not have the detail.

Ben Rimmington: It is the first thing on my piece of paper.

Q49 **Chair:** Forgive me. What was the description?

Ben Rimmington: It is a low-temperature water-heating system.

Q50 **Chair:** There is a low-temperature water-heating system in this hospital in Northumbria. You are evaluating it. First, is it working? Secondly, how are you going to spread the word and help similar organisations, hospitals and schools and so on to do the same thing?

Ben Rimmington: Forgive me. I cannot give the specific answer as to exactly how we are evaluating that specific project, but we let a contract for monitoring and evaluation, which would include much survey data and interviews with samples of people who have received money under the fund. They then provide reports to us and generalised learning. We are literally at the point now where we are considering who administers the specific learnings for the next phase of the scheme, phase 3b, that we are looking to launch over the coming months.

Q51 **Chair:** Do you have anything you can point to where you have specific learnings already?

Ben Rimmington: The best one I can give you is about the balance between what proportion of funding you put into insulation as opposed to accelerating investment in decarbonisation in terms of the carbon-saving trajectory we are getting and the need to prioritise a bit more the decarbonisation of the heat source. Those kinds of learnings are the things we are taking from the monitoring and evaluation work.

Q52 **Chair:** Some of this is going to be quite costly, Ms Munby. The MoD is reckoning that it will need about £860 million pounds over 20 years to deliver on its trajectory. The carbon sector decarbonisation fund is £1.4 billion, which is relatively small given what we hope it might achieve or what it is hoped it will achieve. How are you watching, from your position, that Departments are putting in the right level of investment for the right net zero return? There are a lot of day-to-day cost pressures at the moment, particularly with the cost of living, the cost of construction and everything else rising. There is a danger, surely, that a Department will look at it and think, "That is tomorrow. We need to spend the money today on something else". How are you making sure that the commitment is there to deliver on net zero?

Sarah Munby: I promise I am going to answer your question in one second. I just wanted to say the answer to the other side of your question, which is, "How do you make sure people are not doing inefficient spending in this space?" That is another risk. I would just make the very simple point that the public sector decarbonisation scheme essentially has a floor. You have to be saving at least X amount of carbon per pound invested. That is how we handle that side of the risk.

The second risk really comes back to the point we were discussing earlier. The departmental failure mode that you are discussing is, "I do not even bid into the public sector decarbonisation scheme because I am too busy doing lots of other things". The public sector decarbonisation scheme itself is an enormous incentive to act, because it is giving you the money. The vibe here is not, "You have to trade this off in your departmental budget". It is, "Hello, come along and talk to Ben if you have a good project".

Q53 **Chair:** Not all of it will be coming from the public sector decarbonisation fund, will it? There will be things that Departments have to do that will cost them—

Sarah Munby: Correct, yes. I just wanted to emphasise that we have a really powerful lever for behavioural change.

Q54 **Chair:** We all understand the public sector decarbonisation fund, but there is the day-to-day business that money has to be spent on right now to get to net zero by 2050, and there are pressures on Departments right now.

Sarah Munby: It comes back to the question of how we hold Departments to account if they are not achieving their greening Government commitments targets. We have a method for measuring. We have targets. We agree challenging targets with the Departments. It is on us to make sure that happens. If they do not meet them, they will be named right now in this hearing, if you see what I mean.

Q55 **Chair:** Is that enough of a threat?

Sarah Munby: The same is true of everything you ask a Department to do.

Q56 **Chair:** This is my slight worry. You talked about when you will come back and we will ask you questions in a few years' time. Permanent Secretaries are on five-year contracts. They can be renewed but we see this churn. Do people really have buy-in to this? Is it just another thing that—

Sarah Munby: We have shown concrete evidence that, apart from two, all of the Departments are hitting it. I would say, "Test me on my record". It is going pretty well. You are right: this is now part of people's ODPs, the successor to the single departmental plan. We are using all the mechanisms of Government, but ultimately accountability in Government is a challenging thing. I do not think this problem is any different from the question you might ask about how we hold Departments accountable for anything else.

What is good here is we have a longstanding, effective, understood and transparent scheme. We are definitely off to the races on this one, and we have proven that in results. That does not answer the question of how you make sure Departments do stuff. That is a big problem.

Q57 **Chair:** The Climate Change Committee, talking more generally and not just about the public sector, said, "Tangible progress is lagging the policy ambition. With an emissions path set for the UK and the net zero strategy published, greater emphasis and focus must be placed on delivery". Do you agree?

Sarah Munby: I definitely think we need greater emphasis and focus on delivery. Anyone who works in my Department will confirm that comes out of my mouth multiple times a week. That is true right across Government. That is the stage of transition that we are at. I am not ashamed of that.

Many of these programmes are moving into delivery. Carbon capture is in that category; hydrogen is in that category. Those are going well. Electric vehicles was called out by the CCC as going well. There is also the decarbonisation of the energy system, which is one of the most powerful and important parts of this problem.

There are others where there is still more to do. That is normal and okay. We value the CCC's challenge to help us focus our attention on the bits that need more oomph.

Q58 **Chair:** Before I go back to Sir Geoffrey, all of our constituents are facing huge increases in the cost of living. Energy bills are a very big part of that. Some may feel that achieving net zero is absolutely vital, with no planet B, but there is a real cost pressure now. How are you making sure that, in simple communication terms, you are doing your part to get across to citizens that you can do both together? What are you doing to make sure that achieving net zero is also helping people day to day with the money they are having to shell out for things like heating? I am thinking of energy particularly.

Sarah Munby: Ultimately, moving to lower-cost renewables is the protection against spikes in the cost of gas—end of. That is your simple ask.

Q59 **Chair:** Let me put it this way. We have to go out on doorsteps. We get 30 seconds. If we are very lucky and someone is very tolerant, we get a minute. What is your 30-second pitch to the average citizen in this country about what you are doing to achieve net zero while they are facing the cost of living crisis?

Sarah Munby: Right now, the driver of the cost of living crisis is the increase in the global price of gas. The best way to cure that problem for the long run is to make sure we are investing in clean energy sources. There is a separate problem: what are we doing this winter? Look out for your £400; look out for your payment to pensioners, the disabled and those on benefits. You need both a long-term and a short-term fix. The short-term fix is fundamentally a redistributive-type answer.

Q60 **Chair:** I am a tricky voter or a tricky constituent. I say to you, "It is all very well for you to talk about going green, but when is that going to hit my pocket? When am I going to get the benefit of that?"

Sarah Munby: For this winter, I cannot build you a load of new turbines. It would be great if I could, but that is not how building things works. That is why it is a two-pronged approach.

Q61 **Chair:** When am I going to see the benefits?

Sarah Munby: You are already seeing them. Your bill is already cheaper than it would be if we did not have the renewables on the system that we do.

Chair: It is a bit unfair of me to put you on the spot like that, but that is what happens to us.

Sarah Munby: I am moving onto the next doorstep rapidly.

Chair: You are learning fast, Ms Munby. Perhaps that is why we do what we do.

Q62 **Sir Geoffrey Clifton-Brown:** If I was an awkward customer, I would say that if we did not have all these green levies on our electricity it would be cheaper anyway. That is a different subject for a different day. Ms Munby, can I come back to two of the answers you have given today? You rather batted back my questions about differences in standards and reporting between the three different Departments. When we were dealing with the difference in standards between Defra and the Treasury, you said to me that we were dealing with minutiae to try to standardise it. You said to the Chair just now that you had a very simple system.

Can I just take you to paragraph 2.2 on page 37 of the NAO report? I am sorry; I am going to quote all of it, because it does not support what you are saying: "The support and guidance provided by the centre of Government is fragmented and not easy to use. Several Government Departments publish guidance on measuring and reporting emissions for differing purposes, including HM Treasury, BEIS, Defra and the Cabinet Office".

It goes on to say, "For example, HM Treasury's guidance does not contain a checklist setting out the different mandatory and voluntary reporting elements, so organisations have to identify what they 'should' and 'must' report from the guidance". It finalises that paragraph by saying, "The complex array of guidance leaves public bodies having to crosscheck multiple guidance documents to ensure that nothing is missed. There is no single source bringing this information together in one place".

That is exactly what I was asking you. That is what the NAO opinion is. How do we simplify and standardise all of this?

Sarah Munby: The NAO makes an absolutely fair point, which is that we have work to do on the guidance element. I realise this is going to seem like I am splitting hairs so I apologise, but I just want to be clear. The problem you were asking about earlier was that the whole system is inconsistent and broken. I do not recognise that. There are some things to fix at the margins.

On the challenge of making our guidance more consistent and easier to use, we would all say that, yes, we should do more there. I am sure Steve may wish to comment on the specific point raised, but, yes, we want to help everybody understand the similarities. We talked about a good example earlier: scope versus direct and indirect. We have a bit to do on the communication.

By the way, more detailed feedback from the NAO on what in particular the Departments found difficult to use was very welcome. We are trying to help. There is absolutely no reason why we should not all be aspiring to make the guidance as clear as it possibly can be.

Q63 **Sir Geoffrey Clifton-Brown:** Can we assume that all of this will be sorted out in this current period up to 2025? After that, going forward, there will be a standardisation and we can get the NAO to audit and comment upon annual reports so there is clear standard guidance and everybody knows what standards we are supposed to be achieving. Will we get there by the end of this current period in 2025?

Sarah Munby: Steve looks like he wants to get in.

Steve Field: The one thing that we have not touched on today that is worth bearing in mind is the fact that there is quite a lot of activity externally on reporting standards. There is the IFRS's ISSB, which is looking at an accounting standard for the private sector and has published some drafts already. There is also a process with the International Public Sector Accounting Standards Board, which is reviewing this whole area. We are going to see developments externally on this in the years to come.

It is exactly right. What we should do is go away and see whether there are areas where these things are not quite aligned. We should do our best to align them and co-ordinate them better, but we also need to have our eye on the fact that the standard is changing and it is changing very rapidly. It is unheard of for IFRS to come out with a draft accounting standard that quickly. This is something that the FRAB is looking at and will be advising us and the wider public sector on.

There is a judgment to be made in all of this as to whether you are getting right the system we had in the past or whether you are trying to make sure we are migrating to the right system for the future. We will have to bear that in mind as we are thinking about the work plan for the next few years.

Q64 **Sir Geoffrey Clifton-Brown:** That is important so that, if nothing else, the public out there can see and understand what these standards are and whether you are likely to hit net zero or not. We have heard from Ms Munby that she thinks the trajectory is more or less in the right direction, but, as the Chair has made clear, if I were a member of the public listening to this hearing this afternoon, I would be completely befuddled. I could not understand in a 30-second soundbite what an earth you are all about.

Chair: There is silence.

Sarah Munby: May I have a go? We are making really good progress at decarbonising the public sector.

Sir Geoffrey Clifton-Brown: You might be, but if you do not communicate it in a clear standard way to the public, they are not going to know that.

Q65 **Chair:** We have looked at local government, and you have seen the report that the National Audit Office did that our sister committee led on. There was not even a common standard of reporting. That is where people will notice. It is their own neighbourhood, their own street, their own block of flats, their own home or whatever that they can look at very closely. If you do not have a standard way of looking it up or finding the information, it is very difficult for people. How are you going to improve that broader communication?

Sarah Munby: Yes, understood. If I may, on the question about whether people can tell we are on track to meet our net zero targets, I hesitate to suggest that this is what the man or woman on the street is looking for, but we have committed to publish an update on the net zero strategy annually. That will be coming this autumn. That will exactly tell you—

against the public sector, against industry and against buildings—how we are doing against the goals we set and how we are doing both in terms of metrics and concrete progress. Whether that is the thing you want on the doorstep or not, that will contain the answers to exactly these questions.

The reporting at local authority level and the consistency of that is a separate point. As I said, I agree that we need to get to a better place there.

Q66 **Chair:** Equally, there are lots of bodies that are very local, including school governors, and they want to do a good job on this. Everyone is marking their own homework.

Sarah Munby: On schools specifically, it may be worth saying that schools is one of the most challenging areas of all of this, because there are loads and many of them are small. That makes it more difficult to get to the right answer.

DfE's latest sustainability strategy, which was published in April, outlines an intention to work with the sector to develop exactly what you are asking for. We will be a partner in that, but it is right that we work with DfE, because we are trying to get something that is practical and works on the ground for schools, particularly primary schools, which are often quite small organisations. Yes, we agree, and we need to do that.

Chair: I am not sure whether it is the same in the Cotswolds or in Richmond, but when I visit schools the children around nine to 12 are very enthusiastic about this issue and they have lots of good suggestions. They will be trying to measure it themselves.

Q67 **Sir Geoffrey Clifton-Brown:** Those young people will be critically interested as to whether you are going to meet your net zero targets or not. Apart from anything else, they are paying a great deal of money in their electricity bills on these various green levies. They are going to want to see, in a relatively understandable and clear manner, how well you are working towards achieving net zero. You probably need to go away and look at how you can present this a little bit more clearly and understandably, if I may say so.

Sarah Munby: It is a perfectly reasonable challenge. Let us have a look at how we do in the net zero strategy annual report. As I say, that may not be the consumer vehicle, but that is the core comprehensive process for answering the question you are rightly saying people want us to answer.

Q68 **Sir Geoffrey Clifton-Brown:** Can I come to you, Mr Rimmington? I want to ask one or two technical questions. One of the keys for both the private and public sector—we have touched on this today—meeting net zero is how quickly you can decarbonise energy supply. We know that the AGRs are going to be phased out by 2028. At that point you are going to have a dip in nuclear supply. How are you going to decarbonise the energy supply quick enough in order to ensure this trajectory, which Ms Munby has made such a great play of, is going to work?

Sarah Munby: Sadly, this is not Ben's responsibility, although you will have Joanna next week, who you can quiz to the next level of detail. It is a really important question. At a high level, we have just published an updated strategy, the British energy security strategy, which outlines some new targets. That includes not just an increased target for nuclear and offshore wind but also many of the practical steps we are taking to increase the pace of deployment of renewables and of nuclear.

Right now, if I look at my day job, I am spending a lot of time thinking about things like how we make real the commitments we have made to streamline the planning process to make it easier to deploy offshore wind. Those are the practical things we are doing. Again, on the energy system, the record is very strong, but we need to keep going and indeed accelerate to achieve our goal of a fully decarbonised electricity system.

The CCC recognises that this is an area in which we are making solid progress and we need to keep going. We have just laid out a really ambitious plan underpinned by, as I say, a lot of detailed and operational activity. Allocation round 4 has just reached its conclusions now. There are real things happening out there in the world.

Q69 **Sir Geoffrey Clifton-Brown:** Do we have all the technology and the science we need to meet net zero in both the private and public sectors yet? Are we looking for new technologies to get there? The last sector is going to be most difficult, is it not? That is the one where it is most difficult to foresee at the moment what is going to happen.

Sarah Munby: Yes. That is quite a broad question. The answer is that we have a lot. Ben talked about it in the context of buildings. There are a few sectors—I might ask David to comment specifically on agriculture, which is one of them—that are tricky to decarbonise. Aviation is another. Aviation will either be electric, use hydrogen or use sustainable aviation fuels of one type or another.

Exactly what the technology balance will be in the aviation sector is more uncertain, whereas for heating buildings we certainly have a solution that works. Hydrogen may be another better solution or it may not, but we are not worried that we are going to be sitting in front of you and saying, "Damn, it turned out that we could not decarbonise buildings".

There are trickier areas. That is why we are putting such a lot of public investment specifically into the area of net zero technologies. It is a bit of both. If you wanted some specifics, David might come in.

David Hill: Yes. Agriculture is a good example of quite a challenging sector to decarbonise. We have worked out in the net zero strategy broadly the pathway we need to be on to achieve net zero. Do we have all the detailed policies and measures underpinning that? No, not yet. For example, in the spending review £75 million was agreed for R&D. That will be looking at things like the potential for feed additives, where that might drive down emissions from livestock. We will be looking at vertical farming and intensification in certain aspects of agriculture.

We were talking a little bit at the hearing last week around ammonia emissions and some of the technological innovation around different ways of driving down those sorts of emissions. Many of those will also benefit us on reducing greenhouse gas emissions as well.

The other thing to say about the agriculture sector, though, is that the reason it is challenging is not simply because we do not have all of the technologies fully tested yet. It is also about behaviour change and how we ensure farmers have a sustainable livelihood. That is one of the reasons why it is probably one of the tougher sectors to crack, because we have to go at a pace that farmers can work with, understand and make a living out of.

Q70 **Sir Geoffrey Clifton-Brown:** On a point of order, madam Chair, I did not realise we were going to get into farming this afternoon. I just draw attention to my entry in the Register of Members' Financial Interests, as a farmer, in case anybody should think that I was asking the question to get a benefit in any way.

Mr Field, may I come on to you and talk about money? You talked with the Chair about the local government sector, and Ms Munby was latterly talking about the local government sector and particularly the schools sector, which is a big part of local government. My chief executive was reminding me this morning of how the sector's budgets have not kept up with inflation over the last seven or eight years or so. He was talking about how there was now going to be a two-year settlement. It sounds to me as though local government is still very strapped for cash.

How are they going to have enough money, both in the local government sector and the academy sector, to decarbonise the very large number of schools? As Ms Munby has said, a lot of them are very small. The small ones will be even more difficult to decarbonise. How is this ging to work?

Steve Field: It goes back to the public sector decarbonisation scheme, which is the main vehicle for decarbonising the public sector and their operations. We have allocated £1.4 billion to that for the spending review period.

Q71 **Sir Geoffrey Clifton-Brown:** That is right across the public sector, is it not?

Steve Field: It is.

Q72 **Sir Geoffrey Clifton-Brown:** How do we know that is the right amount of money? Are you going to put that amount of money in and see how quickly decarbonisation works? Is it in the Treasury mind that it might have to put in more money even in this term up to 2025? What is your thinking about this?

Steve Field: That was the settlement agreement for this spending review period, which reflected a bid from BEIS and their assessment of how much money was required for the scheme. There will be another spending review at some point, and we will make a similar assessment, as will the Department.

Q73 **Sir Geoffrey Clifton-Brown:** This is a bidding process, is it not? Which of your three Departments is going to assess the local government sector as to whether they are making sufficient progress or not?

Steve Field: It is probably worth stepping back a little bit. In the last spending review we aligned the process for allocating budgets generally in the net zero space, not just budgets for public sector decarbonisation, with the net zero strategy. We worked alongside BEIS through the summer, in fact even before the spending review had kicked off, to understand and work with them on what the strategy would look like and the extent to which that would rely on public spending.

We then aligned the timing of the net zero strategy with the spending review. The net zero strategy came out a week or so before. The reason we did that was because we wanted to make sure the spending review was allocating appropriate resources to mean that the net zero strategy would be credible. That is the process we went through. It was quite an effective process.

It meant working much more closely with BEIS and the other Departments on the net zero aspects of their bids than you would normally have. It allowed us to draw on BEIS's expertise on the impact of those bids on carbon emissions. That is the way we went through it. We think we allocated appropriate resources to make the net zero strategy credible. I do not know how we will go about this at the next spending review, but there will be another spending review and we will come back to this same set of issues.

Q74 **Sir Geoffrey Clifton-Brown:** With respect, that was a very long answer to a very simple question. The simple question was about which of your three Departments is going to assess whether the local government sector—and, I suppose, the Department for Education, because a lot of schools are now academies—is making sufficient progress in decarbonisation.

We have talked about the league table of Departments. The local government sector is not included in this, but it does play a critical part in whether we are going to decarbonise successfully in the public sector or not. Which of your three Departments is going to monitor the local government sector and the schools sector, the academies sector and the universities sector, which come under the Department for Education?

Sarah Munby: I am happy to take the responsibility for that one. It is worth saying that in each of those individual cases the relevant owning Department has a role too. I would not want to downplay the role of the DfE and so on. To come back to the question, essentially at some point you want to say, "Okay, do we have enough money in the public sector decarbonisation scheme, either in total or for a specific sub-sector, to make sure that trajectory can hit the numbers?" It is on us to be able to give a yes to that.

We have a while to go; it is quite early days. We think we are okay for now. I do not know what the next spending review will hold, but it is fair to say that public sector decarbonisation—I will not put words in Steve's mouth—is an unattractive problem from a Treasury point of view, because there is not really much alternative to public spending here, whereas in many of the other parts of the net zero problem what we are really trying to do is harness private sector innovation, expenditure and so on. If you are running a Government Department, you are going to have to buy a new heat source. That is going to cost some public money. This is going to be an ongoing conversation, and we are going to need to make sure the trajectory of funding matches the challenge.

It is worth saying, by the way, that things will also get cheaper. We cannot plan the whole thing out now, but there is a reason why we have regular spending reviews. We will have to make sure enough money is allocated to this problem. On the question of sub-sectoral allocation within the public sector, that is not how the public sector decarbonisation scheme works at the moment, just as a matter of record.

Sir Geoffrey Clifton-Brown: It is done via bidding at the moment.

Sarah Munby: Exactly, yes. At the moment it does not have a schools number and an LA number. It could get to that point in the future. That is a perfectly plausible future design choice but it is not how it works now, partly because we are at a relatively early stage. What we wanted to do in this period is, frankly, kickstart the process. If people have good plans, come forward and we will fund you. If we divided this up into lots of little individual pots, there was a risk that we would end up not spending it on high-quality projects. That may change over time.

Q75 **Sir Geoffrey Clifton-Brown:** Ms Munby, if you are going to meet that trajectory—you have to slightly exceed it for the reasons you have already pointed out—you are surely going to have to target that precious public sector money at those who are, for one reason or another, failing to meet the targets.

Sarah Munby: Up to a point, yes, but we can see overall whether the public sector is on track or not. We have that inventory framework that I talked about at the beginning. We know where the different sectors are. We have all sorts of survey data, which we have not talked about here, that tells you what the buildings look like and what kinds of heat sources they have. There is much more detailed policy information. Over time, we will need to say, "Okay, do we have enough money or not?"

The question of whether the right policy answer will be to target it or not is really circumstance-specific. There is an alternative school of thought that says you should just have one pot and measure it by the value of carbon. I just want to express that the idea that the only good way to do this policy work is with sub-sectoral schemes is not an obvious one. There are trade-offs in both directions. For now, we have made one choice. In the future we may make another choice, depending on how things evolve.

Q76 **Sir Geoffrey Clifton-Brown:** Can I ask you about buildings? I made a great play in our hearing in 2019 about these new Government regional buildings. The criticism then was that you were signing 25-year leases at very high rents.

Chair: Yes, particularly HMRC was leading on this.

Sir Geoffrey Clifton-Brown: Yes. It was totally the wrong policy and will have now proved very expensive. I am wondering whether it was the right policy or not and whether you have done any evaluations of this in terms of carbon emissions. There are a lot of different factors here. You were closing smaller and maybe inefficient offices, but on the other hand you were opening up large offices where people were having to travel further to work. There may also have been bigger subsequent costs around producing new heating systems or whatever. Have you done any evaluations of these very large offices that HMRC and others leased?

Sarah Munby: Even for me you might be getting to the point where I say I will write on that.

Q77 **Sir Geoffrey Clifton-Brown:** I am very happy on that; I accept that was quite a niche question. I have one or two more questions. First, I want to ask about the private sector. We have talked a bit about the private sector and we have talked a bit about scope 3. By demanding these scope 3 reporting standards, is the public sector basically hoping to learn from the private sector? Are you placing quite significant additional burdens on the private sector by demanding these reporting standards?

Sarah Munby: Just to clarify the question, are you asking in general or specifically through our procurement requirements, because the answers are different.

Sir Geoffrey Clifton-Brown: Let us have both answers.

Sarah Munby: Specifically on our procurement requirements, yes, we are putting a burden on those organisations.

Q78 **Sir Geoffrey Clifton-Brown:** They are having to report more scope 3 requirements, particularly for those contracts that are over £5 million.

Sarah Munby: Yes. For over £5 million, we are asking to report five of the 15 categories. It is not full scope 3, just to be clear. It is a subset of scope 3 that we think is particularly relevant. We think that is a completely legitimate policy lever to use and will result in them pushing further on carbon emissions that they might otherwise have done. That is a price worth paying for the opportunity to bid for public money.

Q79 **Sir Geoffrey Clifton-Brown:** You do not think there is a danger in that requirement that you are pushing out some of the smaller bidders that are smaller companies in terms of turnover and everything else but might want to bid for a £5 million contract.

Sarah Munby: Yes. I have seen the number, and I cannot remember it exactly, but it is an 80s-type number; it might even be 90s. The vast majority of the contracts that go to SMEs are below the £5 million value. Yes, at the margin that is a risk. That is fair enough. Everything is a trade-off, but it is not that big of an issue in the grand scheme.

Q80 **Sir Geoffrey Clifton-Brown:** What about the other part of your answer?

Sarah Munby: There is a separate and much bigger question about what we ask of the private sector in general. As Steve has been describing, it is an ever-changing picture, but it is worth saying that the scope 3 reporting requirements on the private sector are not particularly onerous at the moment.

It is worth saying one thing about private sector versus public sector reporting that people might find useful. The private sector reporting, both through what we have talked about and through the TCFD reporting on climate risk, is designed for investors. You are making sure that the investors have the right kind of transparency in the decisions they make. It is not purely about Government asking for reporting for Government purposes. It is not quite that. You are trying to create a common framework that the private sector, in terms of both companies and investors, can use to allocate capital more effectively.

We are pretty unembarrassed about helping that work effectively through a set of clear, transparent and consistent reporting requirements. Of all the burdens we place on people, it is not one we feel particularly guilty about.

Q81 **Sir Geoffrey Clifton-Brown:** What plans do you have to widen the scope of scope 3 emissions in the public sector, for example in the NHS, which is one of the largest, if not the largest, procurers?

Sarah Munby: The NHS does report on quite a considerable chunk of scope 3 emissions. I do not have the exact detail to my mind.

Q82 **Sir Geoffrey Clifton-Brown:** No, they report on emissions, but I mean scope 3 emissions.

Sarah Munby: Yes, they do report on a significant chunk of scope 3 emissions. I am happy to clarify in writing or someone might be able to bring it up. The NHS has quite longstanding reporting requirements and a target that includes some scope 3, just to park that thought.

For all the public sector—we have discussed this already—further reporting on scope 3 is definitely going to be part of our collective journey. We are going to need to lay that out in a much more specific way. I am definitely not here today to say that the public sector should just ignore scope 3. That is not where we are, but it is fair to say that, for most organisations in the public sector, particularly central Government Departments, the most important thing they need to be focusing on right now is thinking about their heat source and how and when they are going to replace it.

Yes, we do need to get there on scope 3, but that is the thing that nobody else will fix. For scope 3 emissions, we need to use exactly the kind of procurement thing we were just talking about: using the levers that make the suppliers work, getting the private sector to change and using private sector reporting. All of those private sector emissions are public sector scope 3 emissions. You are attacking it using lots of levers. The public sector is going after it and the private sector is going after it.

Q83 **Sir Geoffrey Clifton-Brown:** I want to go back to your interesting observation about whether you are going to put money towards those that are falling below the trajectory as opposed to doing it on a carbon basis. Thinking about that, surely you want those that are falling below the trajectory to come up towards the best. Otherwise, the best have to work even harder to get to the trajectory. Surely every part of the public sector ought to be doing their bit.

Sarah Munby: Yes, that is absolutely true. I am going to become extremely technical, so I am worried that the Chair is going to tell me I am being boring.

Sir Geoffrey Clifton-Brown: Do not worry. We will look at the transcript afterwards. You become as technical as you like; we will look at the transcript afterwards.

Sarah Munby: Okay, I apologise if this is boring.

Chair: It is information that we are after.

Sarah Munby: If you have £1 to put into public sector decarbonisation, you could allocate it according to a process where you say, "Schools are going slower than hospitals and therefore we should put it into schools", or you could say, "There are still some good-value opportunities available in those hospitals. Even though they are going better than the schools on a percentage basis, they have easier opportunities to go after. My pound of public money will buy me more carbon reduction over here".

It is not obvious which of those allocation metrics is the right way of thinking about it. The important thing is not that all of the public sector moves exactly in parallel. The important thing is that all of the public sector gets there in the end and that on the way we allocate the money in the most value-for-money way possible. It will just depend on the specific economics of the trajectory of each sub-sector as to whether you want to push all the sub-sectors to move in parallel or whether one goes early because it has better opportunities than one that goes late.

That is the strategy of the future of the public sector decarbonisation scheme, but I would be reluctant to cheapen what is a technical question that needs proper analysis to work out the right approach.

Q84 **Sir Geoffrey Clifton-Brown:** That was not too technical; I understood all of it. Thank you very much. Mr Field, I want to ask you about something that this Committee has commented on in the past. I accept that this is a very long timescale, but has the Treasury done any numbers as to what the total cost of decarbonisation in the public sector is going to be out to 2050, albeit on today's prices, as you cannot possibly factor in inflation?

Steve Field: Again, BEIS has responsibility within Government for assessing the cost of the net zero transition. That covers the whole of the economy, both the public and the private sector. We did a net zero review, which we published at the end of last year. We chose not to duplicate the work that BEIS already does and indeed the work that the CCC already does. We have not done that.

Q85 **Sir Geoffrey Clifton-Brown:** Ms Munby, do you have any figures, even "whistle in the air" figures, on what the total cost of decarbonisation in the public sector is out to 2050?

Sarah Munby: Steve described the process of bidding. As we have thought through the question of how much we need to bid for, we have thought about how many boilers there are and how much a boiler costs. I am reluctant to say that multiplying the number of boilers by the current cost of a heat pump replacement is the cost, because it is not really. We do not know what the cost will be because the economics will change, but we do know the numbers, if that makes sense.

We know the physical number. We can all make up what that might convert to in financial terms, but it is not very accurate. What we actually see is incredibly rapid cost falls that over this kind of timeline will more than offset. We know how many buildings there are, what they have in them and what needs to happen to them, yes.

Q86 **Sir Geoffrey Clifton-Brown:** Have you translated that into any form of a number? Is that a completely useless exercise?

Sarah Munby: It is not a particularly informative exercise. By the way, it is worth saying that as part of setting the carbon budgets we do cost-benefit analysis on an economy-wide basis. £266 billion was the net benefit of meeting carbon budget 6. We do big handfuls of cost-benefits across the economy but on a carbon budget time period rather than right out to net zero.

Q87 **Sir Geoffrey Clifton-Brown:** There is one final question from me. As a chartered surveyor—that is also in my entry in the Register of Members' Financial Interests—I know how to assess a building to work out whether the repair costs over the lifetime of that building make it worthwhile to continue or whether the building should be dilapidated, whether it is a hospital, a big office or whatever it is.

Where is there in Government—maybe it in the Government Property Agency—guidance on whether you have to now add into that equation how difficult it is for that building to meet a satisfactory carbon emission standard? Is the Government Property Agency working on that? Does it provide guidance?

Sarah Munby: I would have to check the specific answer to whether it provides guidance, but, yes, that is absolutely a Government Property Agency question. I would expect that they do, but I cannot—

Q88 **Sir Geoffrey Clifton-Brown:** Can you write to us on that?

Sarah Munby: I am very happy to. Even better, I could get the Government Property Agency to write to you on that basis.

Sir Geoffrey Clifton-Brown: Yes.

Chair: It will be property person to property person. Let us cut out the middle people.

Q89 **Chair:** The final question from me is about what they are doing in Scotland and Wales. We have talked quite a bit about scope 3 emissions. It seems that both Scotland and Wales are a bit ahead of the UK Government. Is that fair to say?

I am sure you know this, but, just for anyone following this, Scotland has an overall target of net zero by 2045. Scope 3 emissions must be reported if they exceed 1% of the total emissions of a public body and must include emissions from wastewater supply, water treatment and business travel as a minimum. In Wales, there are six categories of scope 3 emissions that are mandatory to report, including procurement, which alone is estimated to account for 60% of the Welsh public sector's emissions. Do you have something to learn from the devolved Administrations? Do you talk to each other about how you are measuring and when you are trying to set standards?

Sarah Munby: Yes, what you say is factually correct. In terms of scope of emission and scope of coverage, there are slightly greater requirements in Scotland and Wales. Of course we look at that. As part of any intention to introduce scope 3 reporting in England, we will have a lot to learn.

Q90 **Chair:** Scotland has had this since 2015. In May 2021 the Welsh Government first published its reporting guide, which has been updated in June just last month. It seems to me that it is just like with Covid: you can see what has happened in different nations of the UK and learn. You are doing that.

Sarah Munby: Yes.

Chair: Thank you for that. If no one has got anything else to raise, I will thank you for your time. This is an area we will continue to look at very closely. It is absolutely vital, as we all know. While in a way there is no cost to net zero, there is a cost, of course, to everything. We want to watch both the cost of net zero and the cost to the taxpayer as well. Thank you very much indeed for your time. A transcript will be up on the website uncorrected in the next couple of days.