



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

Wales Audit Office / Swyddfa Archwilio Cymru  
2-4 Park Grove  
Cardiff / Caerdydd CF10 3PA  
Direct Tel / Ffôn: 029 20 262 641  
e-mail / e-bost: jeremy.colman@wao.gov.uk  
PA / CP: Fiona Bashford, fiona.bashford@wao.gov.uk  
www.wao.gov.uk

JEREMY COLMAN, AUDITOR GENERAL FOR WALES / ARCHWILYDD CYFFREDINOL CYMRU

Ms Janet Davies AM  
Chair of the Audit Committee  
National Assembly for Wales  
Cardiff Bay  
Cardiff CF99 1NA

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Your reference  
Tel No 029 20262641  
Fax No 029 20262631  
E-mail jeremy.colman@wao.gov.uk  
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Dear Chair,

### AUDIT COMMITTEE REPORT ON NHS ENERGY MANAGEMENT IN WALES

The Clerk's letter of 16 November 2006 requested my advice on the Welsh Assembly Government's response to the recommendations made by the Audit Committee in its report *NHS energy management in Wales*.

The Assembly Government has welcomed the Committee's report and accepts, or partially accepts, all of the Committee's recommendations. Two of these recommendations relate to the procurement of energy supplies, where it is clear that the volatility of energy prices continues to present particular challenges. However, it is encouraging that Welsh Health Supplies is taking action to evaluate and report on the success of its new purchasing strategy (recommendation i).


In accepting recommendation ii, the Assembly Government's response states that it does not propose that Value Wales should review detailed energy procurement strategies for all public sector bodies, believing instead that encouraging collaboration and access to best practice and shared expertise is a more effective solution. Given that Value Wales does not itself employ any specialist energy procurement staff, this would seem to be a reasonable approach. The All Wales Energy Forum established by Value Wales is in the process of producing a strategy for future work, including consideration of the potential for greater collaboration in access to energy procurement expertise, above and beyond existing fora. This should help ensure that public bodies have access to appropriate expertise to support their energy procurement, and that their approach is in line with good practice.

The Assembly Government's commitment to review the energy related targets for the NHS (recommendation iii) should help to drive improved performance in all areas of energy management, including the use of renewable energy and combined heat and power. The Assembly Government intends to continue to report absolute carbon dioxide reductions, including reductions due to consumption of green electricity (recommendation iiib). However, clearly identifying the extent to which reductions in carbon dioxide emissions are due to the procurement of green electricity, rather than absolute reductions in energy consumption, should help avoid confusion and complacency with regard to the need to reduce consumption.

In response to recommendation iv, the Assembly Government stated that it will seek to promote the benefits of the pilot awareness campaign at North West Wales NHS Trust to other public sector bodies, but it did not specify the means or timescale for doing this.

Finally, the Committee's report noted that ongoing developments across the NHS have the potential to deliver significant improvements in energy performance, and this remains the case. For example, the Committee's report drew attention to the commitment of £3.5 million from the NHS Capital Investment Programme, specifically to fund energy saving measures. The response to recommendation v notes that the conditions for allocation of this funding have been made very stringent and that the outcomes will be carefully monitored. It will not be until the end of 2006/2007 at the earliest that the outcomes from projects supported by this funding will begin to have an impact on the energy performance figures produced annually by Welsh Health Estates.

The Wales Audit Office will continue to monitor the progress made by the NHS in Wales in implementing the Committee's recommendations, and will bring to the Committee's attention any areas where we consider that further action by the Committee is merited.

Yours sincerely,  


**Jeremy Colman**  
Auditor General for Wales