



Her Majesty's Revenue and Customs

Acting Chairman: Paul Gray CB

SDC Assessment



Checklist

Sustainable Development Action Plan

1	Does the plan specify the period of time it will cover?	✓	Plan covers key actions for 2006.
2	Does the plan specify which organisations it covers?	✗	It is not made clear whether the Valuation Office is covered by the plan.
3	Has the organisation articulated what SD means for them?	✓	
4	Does the plan describe the benefits of having an SD approach to the organisation?	✓	
5	Does the plan acknowledge the Government's sustainable development goal?	✓	
6	Does the plan acknowledge the priorities of <i>Securing the Future</i> ? Does the plan mention one or more of the priorities of <i>Securing the Future</i> ?	✓ ✓	Plan acknowledges and lists the priority areas for action.
7	Does the plan identify links to the priorities of <i>Securing the Future</i> ?	✓	Actions in the plan are set in the context of departmental contribution to the four priorities.
8	Does the plan acknowledge the principles of <i>Securing the Future</i> ? Does the plan mention one or more of the principles of <i>Securing the Future</i> ?	✓ ✓	Plan acknowledges and lists the five guiding principles.
9	Does the plan identify links to the principles of <i>Securing the Future</i> ?	✗	The plan does not explore the links between departmental core business and the guiding principles.
10	Have the organisation's relevant executive agencies produced their own plan?	✗	The departments was not clear in the bilateral on whether their plan incorporates their executive agency. However, since the bilateral HMRC have explained that their agency is covered by its SDAP.
11	Does the action plan contain a work programme?	✓	
12	Does the plan include actions relating to commitments from the SD strategy?	✓	
13	Does the action plan cover government policy?	✓	
14	Does the action plan cover operations?	✓	
15	Was the plan publicly available by 13th January 2006?	✗	

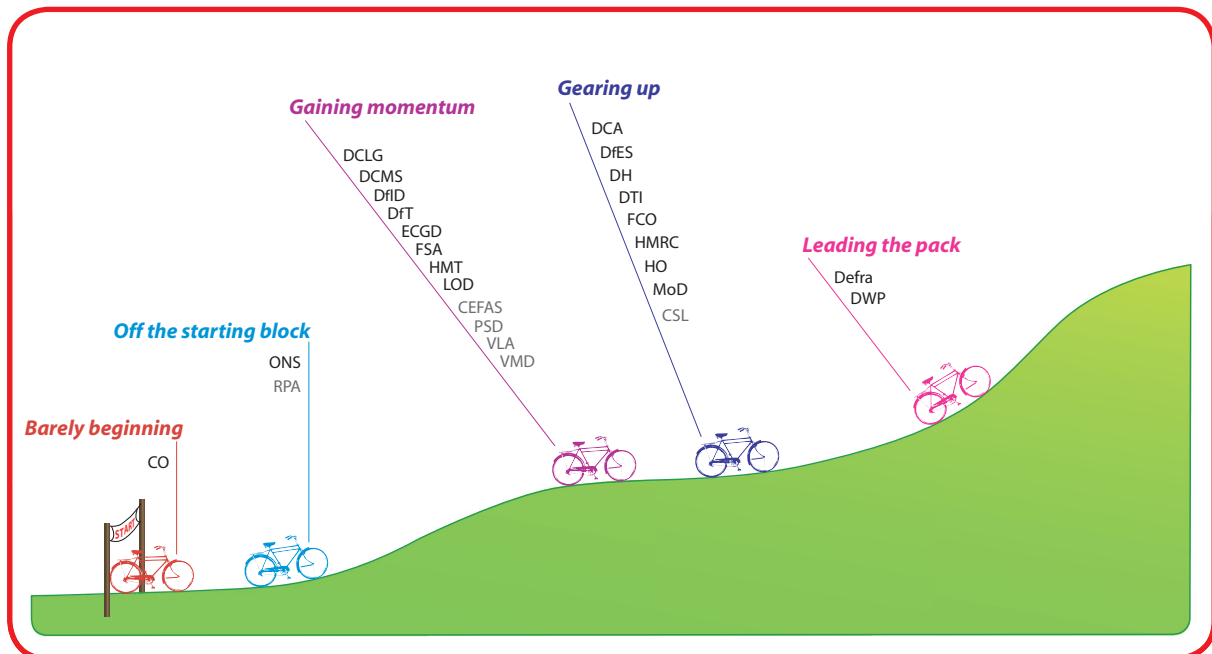
16	Does the plan outline any arrangements for strengthening SD capacity in the organisation?	✓	Plan includes action to integrate sustainable development into induction process.
17	Does the plan describe the infrastructure in place to deliver the plan?	✓	
18	Does the plan make it clear who signed it off?	✗	Bilateral explained plan signed off by Director General of Corporate Responsibility.
19	Does the plan designate who is accountable for the delivery of the overall plan?	✓	The Chair of the Steering Group is accountable for the delivery of the plan.
20	Does the plan explain how the organisation will monitor progress against the plan?	✓	The sustainable development team will monitor outputs.
21	Does the plan describe how the organisation will report against the plan?	✓	
22	Does the plan describe how it links in to other reporting mechanisms within the organisation? E.g. the annual report	✓	Will report on progress in the Annual and Spring report.
23	Does the plan commit to reporting against the plan on a defined regular basis?	✓	Sustainable development achievements will be included in annual and spring reports.

Senior Accountable Officer: Chris Hopson, *Executive Committee member and Champion of Corporate Responsibility*

Status of Plan: Published 16.03.06

Please note that the SDC rating is based on a competency framework and not straight addition of the scores in the table above. Please see main report for full explanation of the methodology.

How is HMRC doing?



Background

HM Revenue & Customs (HMRC) was formed on the 18 April 2005, following the merger of Inland Revenue and HM Customs and Excise Departments. The department's role is to ensure the correct tax is paid at the right time, whether this relates to payment of taxes received by the department or entitlement to benefits paid. The department is responsible for collecting the bulk of tax revenue, as well as paying Tax Credits and Child Benefits. The department also enforces border and frontier protection and administers environmental taxes.

Context

The department is taking steps to embed Corporate Responsibility into its business and recognises that Corporate responsibility is a vital element of HMRC because the way the departments does business impacts millions of people, customers and HMRC employees¹. The SDAP was put together by the sustainable development team and due to time restrictions, the policy teams did not provide detailed input into the plan.

Coverage

The Valuation Office is an executive agency of HMRC. It has not been made clear whether the Valuation Office is included in HMRC's SDAP

Departmental view of Sustainable Development

HMRC's SDAP explains that as a large department with an estate extending across the UK, the most significant impact the department can have on sustainable development is through leading by example on their operations and the way they run their estate.

The plan also recognises the likely implications of HMRC's policies on sustainable development. For example, HMRC encourage

the development and take-up of renewable forms of energy by ensuring that environmental taxes support the priority for action on climate change through the Climate Change Levy. The department also protects endangered species and local habitats and prohibits the importation of wood from unsustainable sources through its frontier policies.

Benefits of taking a sustainable development approach

The SDAP explains that HMRC "will benefit the community by changing attitudes and behaviours to the environment through its work on environmental taxes". The plan also recognises the substantial savings the department can make from taking a sustainable development approach to the way they run their estate, which extends across most of the UK.

The SDAP explains that there are significant risks for not taking action. For example, lack of incentives in place for the development and take up of renewable energy sources or the reduced drive for recycling and continued use of landfill for waste disposal will contribute climate change.

Link to *Securing the Future*

Guiding Principles

HMRC's plan acknowledges the five guiding principles of sustainable development. However, this is not supported by a clear explanation of where the department feels its work links to the principles or which of the principles are particularly relevant to the department or set out how HMRC ensures/will ensure that they underpin its decision-making. The SDC would expect to see future plans indicating how the department is accounting for and using the five guiding principles which should now underpin all policy making in the UK.

Shared priorities for UK action

HMRC's SDAP sets out the departmental commitments in the context of contribution to the priorities of *Securing the Future*, the

majority of which are in the context of its operational delivery priorities. For example, the plan recognises that reduction in paper consumption will contribute to the *Securing the Future* priority on Sustainable Consumption and Production.

The SDAP does also recognise the contribution HMRC's policies can make to the priorities of *Securing the Future*. For example, the continued administration and review of the effectiveness of the Climate Change Levy contributes to meeting the UK's targets for reducing CO₂ emissions and the *Securing the Future* priority on Climate change and Energy. The plan also highlights HMRC's contribution to Natural Resource Protection through HMRC's Frontiers responsibilities such as "prohibition of the importation of ozone depleting substances".

Policy priorities

Although the plan states that the actions included in the SDAP are 'key actions for 2006', it is not made clear why the department has decided to concentrate its efforts on the commitments included in the SDAP. The SDC would expect plans to clearly set out the departmental approach for prioritising SDAP commitments.

The policy priorities include actions around the Climate Change Levy, protection of natural habitats and endangered species through frontiers control and the prohibition of the importation of ozone depleting substances. The SDAP does not make clear how the department will enforce and monitor these commitments. HMRC explained in bilateral discussions that the sustainable development team will liaise with the policy units to explore monitoring and enforcements of these commitments.

HMRC's SDAP also includes a commitment to "develop a closer working programme with marginalised customers with the aim of providing a focus for volunteering work of HMRC staff". HMRC explained in the bilateral that working with marginalised groups will enable the department to improve its services to such customers. For example, working with illiterate customers could provide a useful insight into how services can be tailored to meet their needs.

Leading by example Inland Revenue and HM Customs and Excise Department both received a three star rating in the SDC's 2005 review of government performance against the Framework for Sustainable Development on the Government Estate (SDiG) and has demonstrated solid progress against the Framework prior to the merger.

The department's SDAP includes actions on sustainable procurement, waste, water and a

commitment to work with the Carbon Trust to reduce carbon emissions, but does not explain why the department has decided to concentrate its efforts on these areas. HMRC explained in bilateral discussions that the current operational priority for the department is managing a large scale office closure programme which is taking up most of the estate resources. HMRC are currently reliant on PFI contractors to deliver against the Framework for Sustainable Development on the Government Estate targets and are making progress with this work.

The SDC would not expect plans to list all Framework targets. However, plans should clearly set out its operational priority areas and acknowledge any SDiG weaknesses that the department is aware of with associated actions to improve these.

The department has ISO14001 in two of their main sites and had recognised the need to resource a corporate approach managing their significant environmental impacts. As part of the work to meet the SDAP objectives the sustainable development team plan to have regular meetings with their estates contract managers and their main PFI contractor, Mapeley to discuss the main barriers to progress and forge a way ahead. Meetings will also take place with their Information Management Services to explore how they can manage their IT services more efficiently and contribute to the energy efficiency targets by October 2006.

HMRC have included actions in their plan to address sustainable procurement by implementing their sustainable procurement strategy. It was explained in the bilateral that the department has recruited a Procurement Director who has a good knowledge of sustainable procurement and will lead on the implementation of their strategy.

Securing the Future commitments

Departmental commitment

There are no specific *Securing the Future* commitments for which HMRC has the lead across government. HMRC explained in the bilateral that the department will contribute to HMT's *Securing the Future* commitment "to advance the understanding of economic instruments by evaluating environmental taxes to build up a comprehensive picture of their effectiveness." However, HMRC's contribution to the evaluation of environmental taxation is not addressed in the plan.

The SDC would expect future plans to address this commitment and set actions accordingly.

Cross-government commitments

The plan includes a range of actions relating to skills and sustainable procurement but does not set these actions in the context of contributing to *Securing the Future* cross-government commitments.

Policy making

Sustainable development "proofing"

The plan does not address how sustainable development is integrated into policy-making. HMRC explained in bilateral discussions that time constraints were the limiting factor to addressing this and have undertaken to explore ways by which they can meet this commitment in the long term. The sustainable development team will be working with the relevant policy teams in 2007 to investigate how the sustainable development element of RIAs is currently monitored and how the application of sustainable development in RIAs can be improved.

Target setting

The SDAP helpfully includes milestones for most of the targets, indicates who is responsible for their delivery and sets out reporting arrangements. However, it is not always as clear as it might be what key steps the department will take to achieve some of the objectives. For example, it is not clear how the department will enforce the "prohibition of the importation of ozone depleting substances" (HMRC SDAP p.4).

Sustainable development skills

HMRC's SDAP explains that "sustainable development will be integrated into the department's induction processes and appropriate training programmes" but does not include any SMART actions relating to this, nor does the SDAP explain what 'appropriate' training programmes might include. HMRC explained in the bilateral that the department intends to embed sustainable development into all training and monitoring programmes in future. In addition, the top 46 directors will attend training sessions on sustainable development and Corporate Responsibility over the coming year.

The SDC would expect future SDAPs to set out SMART actions to develop staff awareness and capacity so that staff can fully reflect *Securing the Future's* priorities and principles in their work.

Achieving Sustainable Development outcomes

Infrastructure

The plan explains that the Corporate Responsibility Steering Group will oversee the implementation of the action plan. The Group is chaired by a non-executive Director and its membership consists of Directors from a range of operational business areas. The department also has a sustainable development operating committee which will report to the Steering Group. HMRC explained in the bilateral that the committee will have representation from all key delivery groups and core business and will have responsibility for the practical implementation of the plan.

The plan does not indicate who signed it off. HMRC explained in the bilateral that the Director General of Corporate Responsibility signed the plan off. The SDAP was also sent to the Paymasters Office for sign-off.

Engagement

The plan includes an action “to enhance sustainable development communications and demonstrate HMRC’s environmental commitments”. The plan does not make clear who the target audience is or specify how the department will take this commitment forward. Bilateral discussions revealed that the department is looking to employ a communications person to work on the sustainable development campaign, which will initially focus on six key issues which have yet to be identified². The narrative of the plan explains that staff and managers will be engaged in the delivery of the plan by raising awareness of key issues through articles in in-house journal, intranet and poster campaigns.

It was explained in the bilateral that there are several initiatives on the way including investigating the possibility of introducing a Chairman’s Award for sustainable development and holding an open forum discussion with stakeholders in the autumn.

Monitoring and reporting

HMRC’s plan covers key actions for 2006. The plan sets out the infrastructure that will review the plan and explains that Internal Audit will verify data outputs and ensure appropriate processes are in place to check and gather information as effectively as possible. The SDAP commits to ‘report on progress against the action plan on a quarterly basis to the CR Steering Group

and SD Operating Committee’. The department will publicly report on progress against the plan in their Annual and spring report. It was explained in the bilateral that the department intends to report against all the actions in their plan in their Sustainable Development Report and have committed to report on progress on a regular basis.

1 Delivering Corporate Responsibility: HMRC Strategic Framework and Plans – www.hmrc.gov.uk/about/corporate-responsibility/cr-strategy-plans.pdf

2 Since bilateral discussions, the communications advisor has been appointed and has developed a communications strategy relating to sustainable development

Strengths to build upon



Set out clear actions to develop staff awareness and capacity across the department.



Take forward the communications work outlined in the plan and ensure the six key sustainable development issues fit with the priorities identified in the action plan.

Challenges for 2007



Work with policy teams to include SMART targets on policy areas such as Climate Change Levy and protection of natural habitats in future plans.



Actively engage with policy-makers to ensure understanding of the need to include sustainable development in policy appraisals.



Set actions to address the *Securing the Future* commitment relating to the evaluation of environmental taxation.



Be clear about priority SDiG areas the department is seeking to improve.



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