

sustainable development commission

**2005 Sustainable Development
Action Plan Progress Report**

Export Credits Guarantee Department
With SDC Commentary
November 2007

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EXPORT CREDIT GUARANTEE DEPARTMENT'S SELF-ASSESSMENT SUMMARY

This is a summary of ECGD's progress report; the full version begins on page 6.

The Export Credits Guarantee Department's (ECGD's) role is to achieve the Financial Objectives set for it by Ministers. By providing guarantees, insurance and reinsurance against loss, ECGD pursues its role with the aim of helping UK firms to invest overseas, and helping exporters of UK goods and services win business.

Progress against actions

ECGD's 2005 SDAP was primarily a scene-setting document, which included one action: to produce a comprehensive SDAP before the end of 2006. A plan was published in April 2007.

Embedding sustainability

- POLICIES
- PEOPLE
- GOVERNANCE, MONITORING & REPORTING
- OPERATIONS

1	2	3	4	5	6	7	8	9	10
Starting out	Some progress			On course			Fully integrated		

Procurement – Flexible Framework

- ENGAGING SUPPLIERS

- PEOPLE
- POLICY, STRATEGY & COMMUNICATIONS
- MEASUREMENTS & RESULTS

- PROCUREMENT PROCESS

Not met Level 1	Level 1	Level 2	Level 3	Level 4	Level 5
-	Foundation	Embed	Practice	Enhance	Lead

SDC'S SUMMARY COMMENTS

This is a summary of SDC's commentary; the full version begins on page 4.

The SDC welcomes that ECGD delivered on its action to publish an SDAP, and looks forward to assessing it in due course. ECGD appeared to be at an early stage in embedding sustainability into the organisation and delivering sustainable procurement, although several examples of good progress were reported.

Strengths:

- Evidence of high-level leadership and commitment throughout the organisation
- Stakeholder consultation in the development of the 2007 plan.

Weaknesses:

- The SDC felt that ECGD had over estimated its level of progress on procurement
- There was a lack of information to show how ECGD was embedding sustainability into its policies.

Challenges for next year's SDAP progress report:

- Provide comments against listed criteria when assessing progress on embedding sustainability and delivering sustainable procurement
- Report progress on the actions in the 2007 SDAP, and demonstrate how the impact of its actions have been considered.

INTRODUCTION

Government has made it clear that it wants the public sector to be a leading exponent of sustainable development (SD). The UK SD strategy, *Securing the Future*,¹ requires all central government Departments and their Executive Agencies (EAs) to produce Sustainable Development Action Plans (SDAPs) and report progress on them regularly. An SDAP sets out the strategic actions that the organisation intends to take to integrate sustainable development into its decision-making and everyday operations. It thereby helps the organisation make its required contribution to the delivery of the Government's commitments and goals set out in *Securing the Future*.

Securing the Future also empowers the Sustainable Development Commission (SDC) to act as the Government's watchdog for sustainable development. This includes "scrutinising and reporting on Government's performance on sustainable development".

Most Departments published their first SDAP in 2006. These plans contained commitments for 2006/07, and the SDC is now reporting on progress made by Departments against those commitments.

The purpose of progress reporting is three-fold:

1. To see what progress had been made against the first plans
2. To encourage Departments and others to evaluate the quality, purpose and contribution of their SDAPs, as well as the individual actions and policies, in regards to the UK's SD goals
3. To strengthen the quality of future SDAPs and reporting by identifying strengths, weaknesses and priority areas for improvement.

To help Departments and EAs produce quality progress reports, the SDC designed a self-assessment guidance tool. The tool covers the following areas:

- **Progress against actions:** Report progress against 2006/07 commitments and against any

significant actions that did not feature in the original SDAP

- Consider the impact of actions and the contribution these actions would make to the SD "shared priorities for immediate action"² (from here on referred to as the "SD shared priorities")
- **Embedding sustainability:** Consider how well SD had been embedded into policies, people, operations and reporting mechanisms
- **Procurement:** Gauge progress on sustainable procurement against the criteria in the Flexible Framework³ or a suitable alternative
- **Taking stock:** Identify what had helped and hindered the organisation in delivering its SDAP.

This report comprises the SDC's commentary, followed by the Export and Credits Guarantee Department's (ECGD's) full progress report.⁴

The SDC's commentary evaluates the progress reported by ECGD, as well as the quality of its self-assessment.⁵ All ratings/levels reported are the organisation's own judgement of performance, and there was no process of external verification by the SDC.

The commentary does not review the content of the original SDAP. As such, comments should not be taken as an endorsement of actions and policies pursued. The SDC has already commented on Departments' first SDAPs and provided summarised assessments in the 2006 report *Off the Starting Block*.⁶

² The SD shared priorities for immediate action, as outlined in *Securing the Future*, are: sustainable consumption and production, climate change and energy, natural resource protection and environmental enhancement, and sustainable communities.

³ *Procuring the Future*, Defra, June 2006 – see Section 2 for more details.

⁴ Reported progress against: *Sustainable Development Action Plan*, ECGD, March 2006.

⁵ Please see SDAP Progress Report methodology paper – www.sd-commission.org.uk.

⁶ *Off the Starting Block*, Sustainable Development Commission, November 2006.

¹ *Securing the Future – Delivering the UK Sustainable Development Strategy*, HM Government, March 2005.

SDC'S COMMENTARY

Progress against actions

The Export Credits Guarantee Department's (ECGD) 2005 plan was primarily a scene-setting document, which included one action: to publish a comprehensive SDAP by October 2006.

ECGD published its SDAP in April 2007. It reported that publication was delayed beyond the target date to allow external stakeholders time to provide comments before the document was finalised.

ECGD considered that its SDAP makes a good contribution to one or more of the shared priorities.

The SDC will assess ECGD's 2007 SDAP separately in due course.

Embedding sustainability

ECGD reported that it had made "some progress" on embedding SD into its *policies, people, operations* and its mechanisms for *governance, monitoring and reporting*.

ECGD appeared to have provided a balanced assessment for the *people, operations* and *governance, monitoring and reporting* themes, with progress reported against most of the criteria at the selected level:

- Involved staff in the development of the 2007 SDAP
- Won an award for its 'Give as you Earn' scheme
- Started to embed sustainability into HR systems and practice
- Reduced water consumption through direct engagement with its landlords
- Used green energy on part of its estate
- Full engagement by ECGD's Management Board and Export Guarantees Advisory Council
- Central SDAP team in place to oversee implementation

- Work started to establish auditable data collection.

However, comments were not provided in support of the level chosen for *policies*. **The SDC would like to see progress against the listed criteria in future progress reporting:**

- Alignment of policy with *Securing the Future*
- Joining up of policy goals under the SD umbrella
- Signalling of SD in external relationships.

It is interesting that in this section of the progress report ECGD stated that it had 'adopted sustainable procurement'. However, there was no explanation of what this meant for them in practice, and it was not mentioned in the section on procurement.

Procurement

Though some positive steps had been made on sustainable procurement, such as the identification of a champion and the delivery of training to half of its procurement staff, there is still much scope for improvement.

ECGD used the Flexible Framework to report progress on sustainable procurement. It reported that it was not yet at the "foundation" level for *engaging suppliers*. To move forward ECGD would need to undertake a spend analysis and identify high sustainability impact suppliers for further engagement.

It placed itself at the "foundation" level for *people, measurements and results*, and *policy, strategy and communications*. The SDC considers that the evidence presented in support of the latter two themes did not fully support the "foundation" level assessment. In relation to *policy, strategy and communications*, for example, the SDC would expect ECGD to have overarching

sustainability objectives and a simple sustainable procurement policy in place endorsed by the CEO, and for these to have been communicated to staff and key suppliers.

On *people*, the SDC looks forward to seeing the expansion of training to cover all staff, and encourages ECGD to include sustainable procurement in its employee induction programme.

ECGD placed itself at the “embed” level for *procurement process*. It reported that it was carrying out an analysis of expenditure, and had its first contract in place to contain a sustainability clause. However, the SDC considers that the evidence provided did not fully meet the criteria of the lower “foundation” level. To move forward, ECGD would need to meet other criteria at the “foundation” level:

- Identify the key sustainability impacts of its expenditure
- Award contracts on the basis of value-for-money, not lowest price
- Ensure that procurers adopt ‘Quick Wins’.

Taking stock

ECGD felt that having dedicated people, including staff volunteers, and determined leadership from the ECGD Management Board and Export Guarantees Advisory Council, helped it to deliver on its SDAP commitment. Its existing Business Principles also provided a good platform from which to develop the plan.

However, it considered that a lack of experience (institutional and technical) and time constraints had hindered progress. ECGD is a small department, so it could not allocate full time staff to the SDAP. External consultation was an additional time constraint. The SDC would encourage ECGD to explore where there might be opportunities for sharing best practice with organisations who face similar resource constraints.

ECGD held some information relating to the SD impact of its projects. It helped the Business Principles Unit report on the potential impacts of overseas projects, and it reported on its operations data to the SDC through the SDiG process.

Summing up

Overall, the SDC welcomes the publication of ECGD’s 2007 SDAP, and looks forward to assessing it in due course. ECGD appeared to be at an early stage in embedding sustainability into the organisation and delivering sustainable procurement. On procurement, the SDC felt that ECGD had sometimes over estimated its level of progress.

However, several positives could be taken from the progress report, in particular:

- High-level leadership and commitment throughout the organisation
- Stakeholder consultation in the development of the 2007 plan
- Efforts to develop data collection.

The SDC looks forward to seeing further progress by ECGD in future reporting.

sustainable development commission

**2006 Sustainable Development
Action Plan Progress Report**

**Export Credits Guarantee Department's
Self-Assessment
May 2007**

1 EMBEDDING SUSTAINABILITY

Export Credits Guarantee Department (ECGD) was asked to consider whether the activities arising from its SDAP enabled it to capture the opportunities of sustainable development for its customers, partners and staff and, if so, how.

Regarding the work programme outlined in its SDAP, and based on progress towards actions, ECGD rated itself 4 out of 10 for its

performance on embedding sustainable development in its:

- Policies
- People
- Operations (i.e. operations policy)
- Governance, monitoring and reporting.

The following scale was used:

1	2	3	4	5	6	7	8	9	10
Starting out		Some progress			On course			Fully integrated	

In its response, the ECGD replaced the SDC criteria with its own criteria in the first column, and provided additional comments in the second column. In order to show progress against the criteria set out in the SDC Guidance Tool, the original criteria have been reinstated, and ECGD's responding criteria moved to the second column.

ECGD's response

Level: 4	Policies: Some progress	ECGD's comments in support of this rating:
Criteria: <ul style="list-style-type: none"> • Some alignment of policy with Government SD Strategy, UK Framework and related guidance • Some joining-up policy goals under the SD umbrella • Some signalling SD in external partnerships and relationships • Some embedding SD in policy approval processes / Regulatory Impact Assessments (RIAs) • Some effective stakeholder engagement • Some building SD capacity among delivery partners 		<p>Produced a full SDAP with identified SD objectives and actions as committed in ECGD's 2005 SDAP.</p> <p>The production of ECGD's 2006 SDAP was the only action contained in its 2005 SDAP. Although it was disappointing that the production of the 2006 SDAP overran the timetable and was not published until 2007 (and became the 2007 SDAP), nonetheless the additional time taken meant that the process benefited from engagement with external stakeholders as well as contributions from senior management and staff.</p>

Level: 4	People: Some progress	ECGD's comments in support of this rating:
	<p>Criteria:</p> <p>SD is partially reflected in:</p> <ul style="list-style-type: none"> • Core vision and values • Training and development (e.g. core skills, induction, leadership development) • Performance management (e.g. competency framework) • Recruitment • Career planning and placements • Internal communications • Volunteering • Fund raising 	<ul style="list-style-type: none"> • SD is reflected in Core vision and values as stated in ECGD's Statement of Business Principles • SD introduced into training and development programmes (e.g. induction,) • SD to be introduced into performance management (e.g. competency framework , personal performance plans) • Regular internal communications • Promoted Volunteering • Presentations on SD to all ECGD staff by Chairman of ECGD's Advisory Council (Founder of SustainAbility Ltd). • Staff across ECGD volunteered assistance in development of the 2007 SDAP. • Staff consultation in the preparation of the SDAP. • ECGD staff encouraged to fundraise (eg Helen Rollason Heal Cancer Charity). • ECGD received award for its "Give as you Earn" scheme. • Work started to embed SD in HR systems and practice.

Level: 4	Operations: Some progress	ECGD's comments in support of this rating:
	<p>Criteria:</p> <p>Some structure around the Framework for Sustainable Development on the Government Estate including elements such as:</p> <ul style="list-style-type: none"> • Management systems (e.g. EMS) • Energy, water, waste (resource efficiency, recycling etc.) • Travel • Sustainable procurement (e.g. efficient, green, fair, local, healthy) • Construction and refurbishment. • Biodiversity • Positive social and community impact 	<p>Notwithstanding that ECGD's first full SDAP was produced late, a number of specific initiatives were undertaken with regard to ECGD's domestic footprint.</p> <ul style="list-style-type: none"> • Introduced improved paper recycling system. • Reduction in water consumption through direct engagement and pressure on landlords. • Adopted DEFRA Carbon Offset scheme for air travel. • Adopted sustainable procurement (e.g. efficient, green, fair, local, healthy) • Decreased car park spaces. • Used green electricity for Cardiff warehouse. • Incorporated Energy Star ratings for new hardware in new IT strategy.

Level: 4	Governance, Monitoring and Reporting: Some progress	ECGD's comments in support of this rating:
	<p>ECGD scored itself based on how it felt it is progressing on creating and embedding the appropriate mechanisms and processes to record and report progress of SDAPs, and sustainable development generally.</p> <p>This was a subjective assessment, with no pre-defined criteria.</p>	<p>Full engagement by ECGD's Management Board and Export Guarantees Advisory Council in the development of the 2007 SDAP.</p> <ul style="list-style-type: none"> • Leadership and oversight of SDAP by top management. • Central SDAP team in place to oversee implementation • Work commenced to establish auditable data collection. <p>Nothing to monitor and report yet as plan recently launched.</p>

2 PROCUREMENT

Procurement is an area of key importance to delivering sustainable development. Sustainable procurement (policy, processes and operations) should be embedded into all areas of organisations, and should be incorporated in the whole SDAP process.

The Flexible Framework (detailed in *Procuring the Future*⁷) identifies 5 key themes, which are, in effect, the key behavioural and operational change

programmes that need to be delivered in each public sector organisation to deliver sustainable procurement. For each theme, compliance criteria for five levels are detailed.

For each theme in the Flexible Framework, ECGD identified the level it has reached, and provided information in support of this self-assessment.

⁷ *Procuring the Future*, The Sustainable Procurement Task Force National Action Plan. Department for Environment, Food and Rural Affairs, June 2006.

ECGD's response

PEOPLE	
Level 1: FOUNDATION	
<p>Criteria: Sustainable procurement champion identified. Key procurement staff have received basic training in sustainable procurement principles. Sustainable procurement is included as part of a key employee induction programme</p>	<p>ECGD's comments: 50% of procurement staff have received basic training in sustainable procurement principles. This will be expanded to cover all staff in due course. Head of Procurement is Sustainable Procurement champion.</p>

POLICY, STRATEGY & COMMUNICATIONS	
Level 1: FOUNDATION	
<p>Criteria: Agree overarching sustainability objectives. Simple sustainable procurement policy in place endorsed by CEO. Communicate to staff and key suppliers.</p>	<p>ECGD's comments: ECGD's procurement activity is minimal taking account of its size. Procurement is controlled centrally through one branch; Sustainable Procurement is incorporated wherever appropriate in procurement practices.</p>

PROCUREMENT PROCESS	
Level 2: EMBED	
<p>Criteria: Detailed expenditure analysis undertaken and key sustainability risks assessed and used for prioritisation. Sustainability is considered at an early stage in the procurement process of most contracts. Whole-life-cost analysis adopted</p>	<p>ECGD's comments: Limited procurement spend limits scope to conduct process change. However, analysis of expenditure currently being carried out. First contract sustainability clause now in place. Future contract negotiations will include these clauses.</p>

ENGAGING SUPPLIERS

Level 0: NOT MET FLEXIBLE FRAMEWORK

Not met the following criteria:

Key suppliers spend analysis undertaken and high sustainability impact suppliers identified.
Key suppliers targeted for engagement and views on procurement policy sought

ECGD's comments:

ECGD has limited procurement spend which is centrally controlled.

Where appropriate, procurement function will follow up sustainability issues with suppliers.

MEASUREMENTS & RESULTS

Level 1: FOUNDATION

Criteria:

Key sustainability impacts of procurement activity have been identified.

ECGD's comments:

ECGD's limited procurement activity restricts scope in this regard.

3 TAKING STOCK

SDC asked ECGD a series of questions designed to reflect on the success, barriers and progress of its SDAP, and to identify what helped or hindered. ECGD's responses to these questions are detailed below.

1. What has helped your organisation to deliver its SDAP? e.g., capacity, funding, culture, leadership, policies, procedures and/or organisational arrangements.

- Dedicated resource – including staff volunteers.
- Determined leadership, including ECGD Management Board and Export Guarantees Advisory Council
- ECGD's Business Principles, embedded since 2000, provided good platform to prepare SDAP.

2. What has hindered the delivery of your SDAP? e.g., capacity, funding, culture, leadership, policies, procedures and/or organisational arrangements.

- Lack of experience (institutional and technical)
- Time constraints:
 - Small Department (250 staff) cannot dedicate full time staff
 - External consultation.

3. What information do you hold and collect relating to the sustainable development impact of your organisation's overall policies/projects/activities? e.g., Regulatory Impact Assessments (RIA).

- Business Principles Unit (BPU) reports on potential impacts of overseas projects supported by ECGD.
- SDiG/SOGE data
- The BPU produces an annual report to management on its activities. This report is also provided to the Export Guarantees Advisory Council.

4. Were there any key updates/changes to your 2005/06 SDAP? Please briefly list.

The 2005 SDAP (a plan to produce a plan) has been replaced by the 2007 SDAP, which is ECGD's first full SDAP.

4 PROGRESS AGAINST ACTIONS

The following table reports ECGD's progress against the action in its 2005 SDAP. The table was designed by the SDC as part of the self-assessment tool for departments, and encourages critical assessment of the value of each action, as well as the progress achieved.

Progress is represented using a RAG+ Analysis (red, amber, green, +blue) (column E), and provides a subjective indication of the completion of an action towards its stated objectives:

- **Complete** indicates that an action is complete, and the associated output/outcomes fully realised
- **On target** indicates the action is incomplete in one or more aspects, but is still on target
- **Recoverable** indicates that an action is behind target, but recoverable
- **Behind target** indicates that an action is far behind target and that recovery is unlikely.

Column F details evidence to verify the reported progress made. For ECGD this was the publication of its 2007 SDAP.

In column G, ECGD reported that this evidence is readily available for scrutiny by the SDC.

While each action is important in itself, the aim of the SDAP is to help organisations fulfil their contributions to the government's wider sustainable development priorities for immediate action, as set out in its 2005 strategy, *Securing the Future*.⁸ These are:

- Sustainable consumption and production
- Climate change and energy

- Natural resource protection and environmental enhancement
- Sustainable communities.

Column H contains ECGD's critical assessment of how its action impacts on these priority areas, using a scale of 1-4 (see table below).

Column H Level	Contribution of action to one or more of the priority areas
1	Zero or small
2	Fair
3	Good
4	Outstanding

⁸ *Securing the Future – Delivering the UK Sustainable Development Strategy*, HM Government, March 2005.

ECGD's self-assessment of progress towards SDAP actions

A	B	C	D	E	F	G	H	I
Ref	Action	Target	Responsibility	Progress (RAG analysis)	Evidence/crosscheck used to measure action	Readily available?	Impact (1-4)	Comments
1	Prepare and publish a comprehensive SDAP in 2006.	December 2006	Chief Executive	Complete	2007 SDAP published in April 2007.	✓	3	Publication delayed beyond target date to allow external stakeholders time to provide comments on a draft before the document was finalised.

Export Credits Guarantee Department response signed by:

SD Reporting Officer: Simon Richardson, Head of Procurement, 24/05/07

SD Responsible Officer: Steve Dodgson, Director, Business Group, 28/05/07

SDC review and commentary:

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Sign-off date: 21/11/07