

sustainable development commission

**2006 Sustainable Development
Action Plan Progress Report**

Her Majesty's Treasury
With SDC Commentary
November 2007

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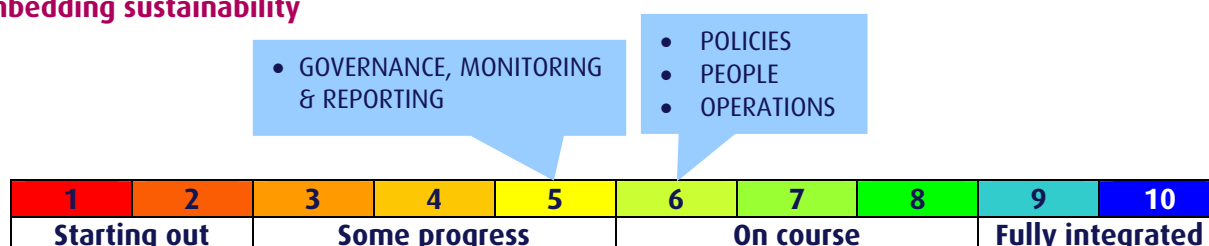
HM TREASURY'S SELF-ASSESSMENT SUMMARY

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

Her Majesty's Treasury (HMT) is responsible for executing the Government's financial and economic policies so as to raise the rate of sustainable growth and achieve rising prosperity. HMT engages in SD to ensure the integration of policies that achieve economic prosperity with those of environmental protection and social equity. The SDAP did not make it clear whether it covered HMT's Executive Agencies (OGC and DMO), although links with these organisations were made in the progress report.

Progress against actions: 88% of actions were reported as complete or on target.

Embedding sustainability



Procurement – Flexible Framework

FLEXIBLE FRAMEWORK NOT USED FOR SELF-ASSESSMENT

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.

HMT reported good progress against the actions set out in its SDAP, and towards embedding sustainable development across the Department. It provided a clear and comprehensive progress report, which provided links with its Executive Agencies.

Strengths:

- Many examples of good progress were provided in the "Embedding sustainability" section of the progress report, including the implementation of almost all energy efficiency and water saving recommendations made by a Carbon Trust audit.

Weaknesses:

- Additional detail would have been useful in places in the "Embedding sustainability" and "Procurement" sections, for example demonstrating how HMT helped to build the SD capability of its business partners
- HMT did not explain how it had assessed the impact of its SDAP actions.

Challenges for next year's SDAP progress report:

- Demonstrate how HMT has considered and assessed the sustainable development impacts of its policies and activities
- Report how HMT has developed SD capability amongst staff throughout the organisation, to ensure that all staff have the knowledge and skills required to support delivery of the SDAP.

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 HM Treasury's (HMT's) full progress report.⁴

The SDC's commentary evaluates the progress reported by HMT, 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: *Delivering Sustainable Development: HM Treasury Action Plan*, HMT, 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

Her Majesty's Treasury (HMT) reported good progress against the actions in its 2006 SDAP.

- 88% of actions were reported as complete or on target, including the majority of the high impact actions (impact rating 3 or 4)
- HMT considered that its actions as a whole made a good contribution to the SD shared priorities
- Evidence was provided against all actions, and was readily available in all but one instance
- Where targets were not met, reasons were provided
- Some actions were reported as being "on target" when the target date had passed. In these cases, the actions should have been assessed as "complete" or "recoverable".

Rationale was not provided for the impact levels chosen for each action. **The SDC would have liked to see evidence of how HMT assessed the impacts of its actions.**

Embedding sustainability

HMT considered itself to be "on course" for embedding SD into *policies, people and operations*, and had made "some progress" with embedding SD in *governance, monitoring and reporting mechanisms*.

Examples of good progress reported included:

- SD being well reflected in HMT's core vision and values
- Strong relationships with external partners, including consultation on specific policy issues, and independent research, e.g. *The Stern Review*⁷
- The results of a staff survey and increased recycling providing evidence of the success of SD awareness campaigns for staff

⁷ Stern N. (Feb 2007) *The Economics of Climate Change: The Stern Review*, Cabinet Office & HM Treasury, Cambridge University Press, ISBN 0-521-70080-9.

- ISO14001 certified Environmental Management System (EMS) being in place
- Almost all of the energy efficiency and water saving recommendations made by a Carbon Trust audit being implemented
- HMT reporting on SD through the departmental performance management structure (Public Service Agreements and the Comprehensive Spending Review).

The inclusion of SD issues in staff induction and development was still in the early stages, although work to update this was underway. **The SDC looks forward to hearing how HMT will take this forward, to ensure that all staff have the skills and capability to contribute to the delivery of future SDAPs.**

HMT appeared to have made an objective assessment of its progress in embedding SD against all themes. However, more commentary could have been provided in places to support the levels selected for *policies* and *operations*:

- To what extent was SD embedded within Regulatory Impact Assessments (RIAs) or other policy approval processes
- How had HMT helped to build SD capability among delivery partners
- How had HMT managed and improved its biodiversity, social and community impacts
- What progress had been made on improving the social impacts of procurement processes.

The SDC looks forward to hearing about future developments in HMT's work to embed SD principles fully in policy-making. It is important that HMT co-ordinates with other Government Departments so that policy-making takes the full range of potential impacts into account.

HMT acknowledged that it had some way to go before SD reporting was embedded fully throughout the organisation, particularly with respect to SDAPs, which were not well understood outside of core environment teams.

Procurement

It is difficult to assess HMT's progress on sustainable procurement, as the Flexible Framework (or an alternative assessment method) was not used. However, it does appear that progress was made.

In particular, HMT established Group Shared Services to provide shared corporate services, including procurement, across HMT, OGC and DMO. A Group Procurement Strategy, which would incorporate sustainability issues, was being developed. This would encourage procurement contracts to demonstrate value for money on a full life costing basis.

HMT did not comment on its progress in establishing systems for the engagement of key suppliers on sustainability issues, although the planned Group Procurement Strategy might have addressed this. It would also be interesting to know whether HMT had incorporated SD into the tendering process for contracts.

The SDC would have liked to hear how HMT had engaged procurement staff and built up their skills to procure sustainably.

The SDC is pleased that HMT was working towards embedding sustainability in its procurement processes, although there was clearly much scope for improvement.

Taking stock

HMT felt that high-level support had helped to drive the SD process in the organisation. However, issues of timing, and conflicts with other reporting cycles, had hindered progress.

The difficulty of pre-empting the annual Budget and Pre-Budget Reports was also discussed. This would pose problems when planning specific actions for a new SDAP.

HMT claimed that it was 100% compliant with required RIAs, and reported on the environmental impacts of measures within each Budget and Pre-Budget Report.

SDC is pleased to hear that following the Stern Review, HMT followed a plan of action in line with Stern's recommendations. The SDC looks forward to seeing how this is taken forward in future SDAPs.

Summing up

Overall, the SDC concludes that HMT reported good progress against the actions set out in its SDAP, and towards embedding sustainable development across the Department.

HMT provided a clear and comprehensive progress report, covering all of the areas outlined in the SDC's guidance tool. Additional detail would have been useful in places, for example demonstrating how HMT considered the social impacts of its work, and how it supported delivery partners to broaden their SD capability. The SDC would also have liked to see how HMT had assessed the impact of its actions and policies.

The progress report provided links with HMT's agencies (OGC and DMO), and outlined some plans for how the Department would develop its SD approach in its next SDAP cycle.

**2006 Sustainable Development
Action Plan Progress Report**

**Her Majesty's Treasury's
Self-Assessment
26th July 2007**

1 EMBEDDING SUSTAINABILITY

HM Treasury 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, HMT rated itself 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	

HMT's response

Level: 6	Policies: On course	HMT's comments in support of this rating:
<p>Criteria:</p> <ul style="list-style-type: none"> • Much alignment of policy with Government SD Strategy, UK Framework and related guidance • Much joining-up policy goals under the SD umbrella • Much signalling SD in external partnerships and relationships • Much embedding SD in policy approval processes / Regulatory Impact Assessments (RIAs) • Much effective stakeholder engagement • Much building SD capacity among delivery partners. 		<p>The Treasury has completed the great majority of the actions it set itself in the 2006 SDAP, many of which have had a high level of impact on sustainable development within the UK. Stated Treasury actions demonstrate alignment with the overarching UK government SD strategy by each addressing one or more of the four priorities (climate change & energy, sustainable communities, sustainable consumption & production, and natural resource protection & environmental enhancement). Our actions have been most relevant to the first three priorities listed here, with fewer actions relevant to the last priority, natural resource protection. However, we aim to address this next year, with the upcoming establishment of an Environmental Transformation Fund for developing countries. Economic, social and environmental policy goals are being increasingly integrated within the Treasury and across government policy. By continuing to commission important independent research, not least the seminal Stern Review, the Treasury has shown itself to have strong relationships with external partners. In consulting with industry to prepare a competition on Carbon Capture and Storage, and consulting with businesses about energy services companies, we have demonstrated effective stakeholder engagement. Still, we feel this last consultation to have had less definite outcomes, and the process remains ongoing.</p>

Level: 6	People: On course	HMT's comments in support of this rating:
<p>Criteria:</p> <p>SD is greatly 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. 		<p>As stated in its <u>Departmental aims and objectives</u>, the Treasury aims to 'raise the rate of sustainable growth and achieve rising prosperity and a better quality of life, with economic and employment opportunities for all'. Its concern for both the environmental and social justice planks of sustainable development is reflected in Departmental Objective V, to 'increase global prosperity, especially protecting the most vulnerable', and Objective VIII, to 'protect and improve the environment by using instruments that will deliver efficient and sustainable outcomes through evidence-based policies.' Work is structured around the Department's aims and objectives.</p> <p>Further, the Treasury's <u>Statement of Values</u> emphasises Collaboration, Openness, Challenge and Appreciation, values central to the ethos of sustainability through prioritising inclusiveness and the importance of human capital.</p> <p>We have begun work to update our <u>induction training programme</u> for all new staff to the department. This will have dedicated sections on Sustainable Development, outlining our goals, aims and challenges and current programmes and policies, as well as raising awareness of operational issues such as recycling. There will also be links to useful resources and contacts. We hope that new staff will be enthused and help contribute to the department's objectives from day one.</p> <p>With regard to <u>Performance Management</u>, particular capabilities for delivering sustainable development have been integrated into key individuals' competency frameworks. The new competency frameworks for Treasury staff also include criteria such as, 'consider how current tasks contribute to longer-term objectives' and 'think creatively and put forward suggestions which take account of the "big-picture"'. Such aims clearly promote integration of a wider range of policy considerations, in line with the principles of sustainable development. This aspect of the competency framework also applies to the Treasury's <u>recruitment and career planning</u>.</p> <p><u>Internal communications</u> has improved greatly this year. A new waste awareness strategy was launched this year which has increased recycling rates by 9%. SD awareness by staff has increased 10% this year as evidenced by the 2006/07 staff survey. A World Water Day, and articles in staff magazines and on the intranet, have contributed to sustainability awareness. A number</p>

	<p>of posters and mail shots have gone out to staff on issues such as water conservation, recycling and electricity use out-of-hours (such as switching lights and computers off). Treasury staff have also recently (April 07) participated in a consultation exercise by the Prime Minister's Delivery Unit (PMDU) which considered procurement as a driver for meeting operational targets.</p> <p>The Treasury is very supportive of <u>staff voluntary work</u> responding to a 'growing recognition that volunteering is not just helping to change other people's lives, but is helping to change the lives and perspectives of those that volunteer as well' [Gordon Brown]. A highly active volunteers' group aims to raise awareness of volunteering opportunities by arranging presentations from external organisations, through a newly established website containing a database of volunteers, case studies, guidance and information, and by providing information to facilitate volunteering activities for Team Away Days. The range of activities in which Treasury staff are engaged include mentoring, conservation work, social work, acting as School Governors, and supporting refugees.</p> <p>Care for our employees' health and sustainable transport is evidenced in our Cycle to Work scheme, where staff receive a reduction in the price of bicycles at a number of stores.</p>
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Level: 6	Operations: On course	HMT's comments in support of this rating:
	<p>Criteria:</p> <p>Much 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>There has been significant effort this year to deliver actions which will help us to deliver our operations targets. Awareness of sustainable development issues has also been raised across the organisation, and with senior management.</p> <ul style="list-style-type: none"> - Sustainable Development is now part of the <u>senior management agenda</u>. For example, the Director of Operations sits on the Sustainable Procurement & Operations Board (SPOB), acting as an senior SD champion for the department; the Permanent Secretary takes a personal interest in ensuring that the organisation operates in a sustainable way; the Operations Committee are now sighted on performance against operational targets, and will monitor this going forward; and ministers are also well sighted on the Treasury's performance. - <u>Environmental Management Systems</u>: EMS certification to ISO14001 standard was attained in November 2006. - <u>Energy, water and waste</u>: We have implemented almost all of the energy efficiency and water-savings recommendations made by a Carbon Trust audit in the past year. A new waste awareness campaign amongst staff and installation of new recycling bins (including for office paper waste) has seen a 9% increase in recycling rates over the last year. - <u>Green travel</u>: The Department to offset all official and Ministerial air travel from 1st April 2006. This has been successfully implemented this year and is evidenced by our contribution to the Defra-led scheme. Our Cycle to Work scheme enables staff to receive a reduction in the price of bicycles at a number of stores. Two Ministerial cars are very low-carbon models. - <u>Sustainable procurement and resource use</u>: we have successfully tendered and appointed the contract for a new, more efficient printer fleet, where SD was high up on the selection criteria. The department has a policy for using 100% recycled paper for its printers. (Please also see the section on sustainable procurement, later.) - <u>Estate</u>: The Treasury buildings are constructed to be very energy-efficient, to a BREEAM rating of 'Excellent'. Our delivery partners, the building PFI contractors <i>Exchequer Partnership</i>, regularly meet with the building users and the SD officials to discuss new measures as well as monitor and measure progress on SOGE targets. We are working towards an agreed set of Key Performance Indicators for our PFI

	partners, bringing them in line with the new SOGE targets that were launched in June 2006. We are in the process of transferring utility management to Exchequer Partnership; a recent NAO report (Building for the Future) highlighted as best practice the mechanism we are adopting to incentivise reductions in energy consumption. Here, the Treasury is setting a good example for other departments.
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Level: 5	Governance, Monitoring and Reporting: Some progress	HMT's comments in support of this rating:
	<p>HMT 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>Sustainable Development reporting is integrated in the Treasury is through the Departmental performance management architecture (our PSAs), and CSR.</p> <p>The newly-created role of 'Director, Environment' oversees coordination of environmental policy within the Treasury with the assistance of the head of EFRA and the two main environment teams, working closely with operational teams and other internal partners.</p> <p>Chapter 7 of Budgets and Pre-Budget Reports details the environmental impacts of measures announced, and the Treasury achieves full compliance with requirements for Regulatory Impact Assessments. We recognise, however, that there is not yet full awareness or ownership of the SDAP process outside the core environment teams. Nor has it yet become regular enough to be embedded thoroughly, so to aid this process we aim to have an EFRA staff member conduct brief quarterly check-ups on progress towards the annual SDAP targets. On the other hand, measures on the operations side are better embedded and monitored (such as through SOGE).</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*⁸) identifies five 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.

Departments were asked to rate their sustainable procurement progress against the Flexible Framework, or an equivalent framework or method. HMT did not use the Flexible Framework, but provided information about its progress against each of the Framework's themes.

⁸ *Procuring the Future*, The Sustainable Procurement Task Force National Action Plan. Defra, June 2006.

HMT's response

Note: HMT chose not to use the Flexible Framework.

PEOPLE
Flexible Framework level not provided
<p>HMT's comments: We have raised awareness of SP and the Sustainable Procurement Action Plan with Procurement Staff.</p>

POLICY, STRATEGY & COMMUNICATIONS
Flexible Framework level not provided
<p>HMT's comments:</p> <p>The range of significant reports on sustainable procurement published in the past year (Procuring the Future, UK Government's Sustainable Procurement Action Plan, HM Treasury's own Transforming Government Procurement) have sparked developments in HMT's own procurement arrangements.</p> <p>We have been concentrating on establishing Group Procurement as part of the Treasury's Group Shared Services over the last 6 months or so. Group Shared Services have been established to provide shared corporate services, including procurement, to HMT, OGC and DMO.</p> <p>We are voluntarily developing a Group Procurement Strategy that will enable us to meet the requirements of the recently published Transforming Government Procurement, including the sustainable procurement issues. That strategy will be finalised by the end of July and then implemented.</p> <p>As part of the strategy development we are undertaking an analysis of the spend data in our financial systems. This will enable us to, amongst other things, begin to assess and understand some of the impacts on sustainability.</p>

PROCUREMENT PROCESS

Flexible Framework level not provided

HMT's comments:

Our policy is to always award contracts on the basis of value for money. Sustainability issues are taken into account in value for money assessments as part of the calculation of whole life costs, and where applicable, as part of the assessment of quality. Procurement staff are always required to consider the use of appropriate frameworks, primarily OGcbuying.solutions frameworks, before running their own competition.

ENGAGING SUPPLIERS

Flexible Framework level not provided

HMT's comments:

Despite being a small department with a very small procurement budget compared to some public sector bodies, our prestige gives us some influence with suppliers. We intend to use this influence when dealing with our suppliers once we have finalised the Group Procurement Strategy.

MEASUREMENTS & RESULTS

Flexible Framework level not provided

HMT's comments:

So far we have chosen not to adopt the Flexible Framework as for Treasury purposes it concentrates too much on process and is not sufficiently outcome focused. We are constructing our own procurement performance management process which will enable us to measure the sustainable outcomes in our procurement policies – which we essentially see as being synonymous with *value for money over a full life costing basis*.

3 TAKING STOCK

SDC asked HMT a series of questions designed to reflect on the success, barriers and progress of its SDAP, and to identify what helped or hindered. HMT'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.

Sustainable Development within the Treasury benefits from drive at the top, with the Permanent Secretary, Nick Macpherson, keen to see its implementation in both policies and operations. Helpful co-operation between relevant teams (EFRA, ETT, Enterprise, Poverty Reduction and others) speeds up delivery and reporting. We have been most successful where our SDAP objectives have worked in tandem with our core departmental objectives.

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

Last year's SDAP was hindered by preparing for the 2006 Budget and the uncertainty inherent in absorbing a new reporting system. The SDAP system does not lend itself fully to the Treasury annual cycle – we cannot anticipate Budget announcements on specific tax policies. However, we are seeking to address this in the forthcoming SDAP for 2007-8.

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).

The Treasury provides 100% compliance with required RIAs. It also carries out assessments of all measures with environmental impacts contained within each Budget and Pre-Budget report; these can be found at the end of chapter 7 in each Budget and PBR.

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

We wish to add the following to our 2006 SDAP.

(Under 'Protecting the Environment'): In addition to the statement of general principles governing Government economic intervention, the Treasury fully supports the recommendations of the Stern Review on the economics of climate change (October 2006). The Review's policy recommendations focused on three areas: pricing carbon through trading, tax or regulation; encouraging low-carbon technologies; and encouraging behavioural change and energy efficiency. The Treasury has followed a plan of action to date in line with Stern's recommendations, and will continue to strengthen that plan in future.

A large number of environmental taxation measures have been introduced since 1997: the Climate Change Levy, Aggregates Levy, Landfill Tax Escalator, Graded Vehicle Excise Duty and Company Car Tax, Fuel Duty differentials, and the Landlords Energy Savings Allowance.

Budgets 2006 and 2007 introduced important new environmental taxes and augmented existing ones: a doubling of Air Passenger Duty in recognition of the environmental costs of flying; increases in Landfill Tax and Aggregates Levy; a rise in the Climate Change Levy in line with inflation; and adjustments in Vehicle Excise Duty to further reward owners of the least polluting cars whilst taxing the most polluting.

Independent analysis by Cambridge Econometrics estimated that the CCL will deliver cumulative savings of 16.5 MtC to 2005. By 2010, the levy will be saving around 3.5MtC a year, well above initial estimates. The Aggregates Levy has been similarly successful: between 2001 and 2005, sales of virgin aggregate in Great Britain reduced by around 18 million tonnes, with an estimated increase in the use of recycled aggregate in England of around 5.5 million tonnes. Furthermore, both these taxes have been levied in a manner that is cost-neutral to businesses, by offsetting charges with reductions in employers' contributions to National Insurance.

The Treasury will continue to employ tax instruments as a means to tackle environmental challenges such as climate change, where these are appropriate and take account of wider economic and social objectives. However, it is a mistake to focus simply on tax revenue as a measure of success. Stern does not require that any particular instrument is used for any particular mitigation policy, but rather that an appropriate mix is deployed. Over the past ten years, new kinds of policy instrument have been developed, in particular emissions trading, and tradable regulations like the Renewables Obligation and Energy Efficiency Commitment, which have been successful in reducing emissions. We envisage initiatives like these will continue to be pursued alongside instruments of tax and regulation.

Lastly, we wish to point out the difficulties of pre-empting the annual Budgets and Pre-Budget Reports when preparing reports such as the SDAP. Taxation policy comprises a large segment of Treasury work, and plays a significant part in helping meet our sustainable development objectives. However, it would be unhelpful and misleading to try second-guessing the environmental tax instruments within a forthcoming Budget. We thus propose each annual SDAP to contain a statement of departmental principles relating to environmental taxes, and report on the specific measures taken retrospectively, in the annual SDAP Progress Report.

4 PROGRESS AGAINST ACTIONS

The tables that follow report HMT’s progress against specific actions in its 2006 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, such as:

- Published strategies, policies, Bills, guidance, literature
- Objective performance measures, indicators and associated sources of data
- Reports of events, particularly outcomes and next steps
- Auditable correspondence
- Auditable activities.

In column G, HMT reported whether 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*.⁹ These are:

- Sustainable consumption and production
- Climate change and energy
- Natural resource protection and environmental enhancement
- Sustainable communities.

Column H contains HMT’s critical assessment of how each 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

⁹ *Securing the Future – Delivering the UK Sustainable Development Strategy*, HM Government, March 2005.

HM Treasury'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	Assessment of the long-term challenges facing public services	Summer 2006	Strategy, Analysis & Reform Team	Complete	Treasury analysis, 'The Long-term Opportunities and Challenges for the UK', published 27 th November 2006.	Publicly available documents.	3	The report will feed into the next Comprehensive Spending Review, expected Autumn 2007.
2	Review on the economics of climate change	Autumn 2006	Stern Review – an independent Review which reported to the Prime Minister and Chancellor	Complete	The report of the independent Stern Review on the economics of climate change was published 30 th October 2006. Its findings were fully accepted by the Treasury and used to frame the Pre-Budget Report 2006 and Budget 2007, as well as other Government publications and policies.	Publicly available documents.	4	The impact of the Stern Review has exceeded expectations and had repercussions internationally as well as domestically in highlighting the need for global action to tackle climate change.

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
3	Development of a sustainable procurement action plan - Task force meetings - Publication of Task Force's report	- Feb & April 06 - April 06	Corporate & Private Finance Team	Complete	The Task Force, chaired by Sir Neville Simms, launched its National Action Plan 'Procuring the Future' on 12 th June 2006. The Government responded to this by publishing its Sustainable Procurement Action Plan on 8 th March 2007. The Treasury issued its specific response with the report 'Transforming Government Procurement' on 23 rd January 2007.	Publicly available documents.	3	
4	To explore the scope for the development of energy services markets in the UK - Host seminar	Ongoing Seminar 18/01/06	Environment, Food and Rural Affairs Team	HMT: Complete – see notes	HM Treasury hosted a seminar on 18 th January 2006 to explore possibilities for encouraging the development of an energy services market, and an independent industry group developed proposals to feed into the Energy Review. The Energy Review, led by DTI, set out the aim of incentivising energy suppliers to engage more actively with	Publicly available documents.	2	Lead transferred to Defra and DTI.

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
					customers in order to deliver greater energy efficiency in the home and noted that the energy companies are willing to go in this direction – to change their whole business model – given the right policy framework.			
5	Ongoing discussion with business to further examine how to improve energy efficiency investment	Ongoing	Environment, Food and Rural Affairs Team / Competition and Economic Regulation Team	HMT: Complete – see notes	The Financial Secretary and Richard Ellis, chair of the East of England Development Agency, chaired a group comprising representative business organisations, RDAs, and the Carbon Trust, to examine how to ensure firms have access to the information they need to improve energy efficiency. It was agreed that the RDAs will promote streamlined advice on resource efficiency delivered through Business Links. Work referenced in Pre-Budget Report 2006 and Budget 2007.	Publicly available documents.	2	RDAs are now taking this forward.

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6	Exploring barriers to wide-scale deployment of carbon capture and storage	Consultation early 2006	Competition and Economic Regulation team	Complete	<p>Consultation on regulatory barriers to CCS launched 22nd March 2006 and closed 11th May 2006. Pre-Budget Report 2006 announced that DTI would shortly tender for consulting engineers to ensure robust understanding of the costs of CCS. and help the Government assess whether supporting one through a challenge fund or other mechanism would provide value for money. DTI appointed consulting engineers for this purpose in January 2007 (Alistair Darling, written Parliamentary answer, 22nd February 2007). Budget 2007 announced that a competition would be launched to develop the UK's first full-scale carbon capture and storage demonstration, the result to be announced next year. Further details of this competition will be covered in the Energy</p>	Publicly available documents.	3/4	

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					White Paper, expected in May 2007.			
7	To produce full RIAs where needed	Ongoing	Enterprise Team	Complete (2006-07)	The Treasury provided 100 per cent compliance (15 final RIAs) between April 2006 and March 2007.	Publicly available index on the Treasury website.	1/2	Though fully compliant, the impact of the Treasury's RIAs on sustainable development is limited.
8	Provision of 100 per cent multilateral debt cancellation to Heavily Indebted Poor Countries - Implementation of relief by World Bank, African Development Bank and IMF	- by July 2006	International Poverty Reduction Team	Complete	The Multilateral Debt Relief Initiative (MDRI) agreed in 2005, has been implemented by the World Bank, IMF and African Development Bank. The 22 countries that have completed the Heavily Indebted Poor Countries Initiative (HIPC) have now had 100 per cent of their debts to the three institutions cancelled. Further countries will qualify for debt relief under the MDRI when they complete the HIPC Initiative.	Publicly available documents.	4	

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9	Establishment of International Finance Facility (IFF)	Pilot early 2006	International Poverty Reduction Team	Recoverable	<p>The International Finance Facility for Immunisation (IFFIm) pilot was launched in November 2006, raising US\$1 billion, with \$460 million invested in vaccination programmes so far. Funds are being used for polio, measles, yellow fever and other immunisation activities. The next bond launch is likely to be in early 2008. The IFFIm is an innovative financing mechanism that will contribute greatly to the effort of addressing the disease burden in developing countries. It is expected to save 10 million lives by frontloading \$4 billion of development aid to support vaccinations in 72 of the world's poorest countries across the world. We support innovative financing mechanisms like IFFIm and are waiting to see how the IFFIm pilot beds down before progressing further with the broader IFF concept.</p>	www.iff-immunisation.org	3	<p>IFFIm highly effective in delivering international SD goals but only partway to stated primary ambition of a full International Finance Facility.</p>

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10	Improve environmental awareness amongst staff - Launch awareness campaign	- Feb 2006	Building Contracts Management Team	On target	<p>This year has seen the launch of the waste management strategy after Christmas 2006. Offices were cleared of their normal desk side bins and equipped with desktop recycling receptacles. Some new 50 sets of highly visible colour coordinated recycling centres have been placed around the building. The launch was accompanied by leaflet drops and received much feedback. Our EMS shows an increase in recycling by 9% as a result and more awareness of different waste streams.</p> <p>In April, we held a World Water day, with posters in toilet and shower rooms to highlight how much is water is wasted. This also reinforced the proper use of the dual flush toilet systems to help conserve water.</p> <p>We have run a number of</p>	Yes; EMS results also available	2	EMS results suggest effectiveness of awareness-raising campaign but more could be done. Ongoing process.

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					staff intranet and magazine articles, as well as poster campaigns, to help promote SD awareness in the department.			
11	Following a review of HMT's energy use by the Carbon Trust, implement recommendations on Energy Efficiency	March 2006	Buildings Contracts Management	On target	35 of 37 Carbon Trust recommendations implemented.	Yes	3	Further energy efficiency measures are being considered with the building managers.
12	Implement recommendations on Water Savings following review from ADSM	March 2006	Buildings Contract Management Team	On target	6 of 6 Carbon Trust recommendations implemented.	Yes	2	Current initiative to replace shower heads.
13	Replace all Printers with a more environmentally friendly fleet	End 2006	Information Services Team	On target	We have successfully tendered and appointed the contract for a new, more efficient printer fleet, where SD was high up the selection criteria – roll out is planned for August 2007. The department has a policy for using 100% recycled paper for its printers.	Yes	3	

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14	Achieve EMS Certification for the whole building	May 2006	Exchequer Partnership Team	Complete	EMS certification to ISO14001 standard attained November 2006.	Yes	2	
15	Transfer responsibility for utility management to EP and incentivise to achieve reductions in usage	March 2006	Building Contracts Management/ Exchequer Partnership Teams	Recoverable	Ongoing. Policy has been agreed in principle and details required for operational implementation are being addressed. The aim is to set a baseline for consumption based on past usage and for EP and HMT to share the benefit or cost of future utilisation above or below that baseline	No	2	Our delivery partners, namely the building PFI contractors, are more engaged this year and regularly meet with the building users and the SD officials to discuss new measures as well as monitor and measure progress on SOGE targets. We have agreed and set KPI's for our PFI partners, bringing them in line with the new SOGE targets that were launched in June 2006.

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16	To carbon offset all official air travel from April 2006 - participate in Whitehall offsetting scheme	From April 2006	Environment, Food and Rural Affairs and Finance Teams	Complete	The Department to offset all official and Ministerial air travel from 1 st April. This has been successfully implemented this year and is evidenced by our contribution to the DEFRA led scheme.	Yes	2	

HM Treasury response signed by:

SD Reporting Officer: Tom Koczvara, 26/07/07

SD Responsible Officer: Angela Eagle MP, Exchequer Secretary to the Treasury, 26/07/07

SDC review and commentary:

Commentary by: Rachel Hurle, Policy Analyst, Watchdog Team

Peer reviewed by: Farooq Ullah, Policy Analyst, Watchdog Team

Authorised by: Tim Jackson, SDC Commissioner

Sign-off date: 09/11/07